

V. PUBLIC FACILITIES PROJECTS

A. INTRODUCTION

In public facility projects, CDBG funds are most often used in combination with other federal, state, or local funds to make public improvements affordable for low and moderate income families. Activities may also include direct assistance to low and moderate income families such as payment of special assessments or hookup charges for public improvements. Public facility projects can also include facilities designed for use predominately by persons of low and moderate income such as county hospitals or nursing homes, senior centers, Head Start centers, or mental health centers.

Non-profit entities may acquire title to public facilities such as senior centers, centers for the disabled, nursing homes, and neighborhood facilities. When such facilities are owned and/or operated by non-profit entities, they must be available for use by the general public during all normal hours of operation. Non-profit organizations must have an Internal Revenue Service 501(c)(3) or 501(c)(4) non-profit designation to be an eligible sub-recipient of CDBG funds.

Applications to Provide Temporary or Short-Term Housing Facilities

Projects designed to provide housing facilities to be owned or operated by local governments or private, non-profit corporations must be submitted under the fall Housing and Neighborhood Renewal grant competition. This would include projects designed to provide temporary or short-term housing facilities to be owned or operated by local governments or private, non-profit corporations such as transitional housing, homeless shelters, or emergency shelters.

Under federal law, "buildings for the general conduct of government" are ineligible for CDBG assistance. This includes city halls, county courthouses, county or municipal administrative office buildings or other facilities in which the legislative, judicial or general administrative affairs of government are conducted.

Special purpose agencies or non-profit organizations (such as water, sewer, or solid waste districts or human resource development councils or hospital associations) or other public agencies considering public facility improvements should carefully review Section A., "Eligible Applicants," in Chapter III of these guidelines as well as the "Special Requirements for Projects Involving Non-profit or For-profit Organizations or Public Agencies" found in Appendix N.

Rural special improvement districts (RSID's) created by the county in order to build a water or sewer system, and subsequently managed and operated by a county, have often encountered problems in assuring the effective long-term maintenance and operation of those public facilities. While an RSID can be a practical mechanism for financing a project, the CDBG program does not consider this type of arrangement to be a good mechanism for the long-term management and operation of a water or wastewater system. However, it can also be difficult to get a county water and sewer district created in a timely manner in order to submit an application for a construction grant. As a result of comments received in 2005, the CDBG program will now allow counties to apply on behalf of a RSID, with the condition that the RSID must be legally created as a county or multi-county water and sewer district (pursuant to sections 7-13-22 and 23, MCA) before any CDBG construction grant funds will be released. **The district must be legally established within six months of the award of the CDBG funding and all other project start up conditions completed or the CDBG award may be reallocated to another project.**



IMPORTANT INFORMATION FOR APPLICANTS

TO APPLY FOR CDBG PUBLIC FACILITIES GRANT FUNDING, PLEASE DO THE FOLLOWING:

- 1) Follow instructions in **Appendix D**, *Application Instructions and Format for CDBG Public Facility Projects*;
- 2) Submit complete responses for each of the criteria outlined in *C. Public Facilities Category Ranking Criteria* found in this chapter.
- 3) Comply with the applicable special requirements of this section.

B. USE OF CDBG FUNDS FOR PREPARATION OF LOCAL GOVERNMENT GROWTH POLICIES AND CAPITAL IMPROVEMENT PROGRAMS

Beginning with the 2006 calendar year, the CDBG program will allow local governments to set aside up to \$25,000 in grant funds to prepare or update a growth policy or capital improvement plan (CIP).

In support of the Legislature's goal of encouraging communities to adopt growth policies, beginning this year, MDOC will allow a portion of a CDBG award to be used for the preparation of a growth policy or a capital improvement plan (CIP) to implement a growth policy. Funds reserved for either the preparation or updating of a growth policy or CIP, up to \$25,000 total, will not be included in the scoring of the "Benefit to Low and Moderate Income Persons" ranking criterion.

An applicant will typically receive more points during the ranking process if a growth policy or CIP has been adopted, especially if the growth policy and CIP, comprehensively address all major community facilities and, in particular, if the CIP is updated annually and utilized as part of the community's annual capital budgeting process.

- Community growth policies (also referred to as "master or comprehensive plans"). CDBG Planning Grants can be used to prepare or update an existing comprehensive plan in order to make it conform to the requirements for local government "growth policies" established by the 1999 Legislature (76-1-601, MCA).

In order to demonstrate eligibility for the use of CDBG funds, growth policies assisted with CDBG funds must include an element which describes the housing and community development needs of low and moderate income persons. This element should include a description of:

1. any geographic areas within the planning jurisdiction where low and moderate income persons are concentrated and any housing or community development needs which particularly affect those areas,
2. the needs of particular groups of persons who generally fall within the low and moderate income category, such as the elderly, single heads of households, homeless persons, or abused or neglected children residing in shelters or group homes, for public services or facilities: and
3. the activities to be undertaken to meet such needs.

Federal law requires that each CDBG recipient “identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs.” By including this element addressing the needs of low and moderate income persons, CDBG applicants will be able to use their growth policy to document compliance with this requirement.

Capital Improvements Plan

A “Capital Improvements Plan” (CIP) is a document that helps communities identify their public facility needs, establish project priorities, and create a long-range program for the scheduling and funding of construction or repair projects. A CIP should be prepared, updated, and reviewed annually in conjunction with the local government’s annual budget process and used to prioritize budgetary needs. The adoption of a CIP is simply good business for local governments. It can help your community, or county, anticipate upcoming capital expenditures and more effectively manage construction, maintenance, and repair costs related to public facilities.

An adopted CIP is not a prerequisite for applying for CDBG funding, although an applicant will typically receive more points during the ranking process if it has done so. **However, applicants that are awarded CDBG public facility funds for water, wastewater, or solid waste improvements and that do not have a CIP, will be encouraged as part of the project to develop an abbreviated CIP that covers at least a five year period.** At a minimum, the CIP should encompass the following facilities:

- For municipalities, the CIP would need to cover both the water and wastewater systems, and city streets. If the municipality is lacking either a water or wastewater system, then only the one system, in addition to the streets, would need to be addressed in the plan.
- For county applications on behalf of water and sewer districts, the CIP would need to cover both the water and wastewater systems of the district. If the district is lacking either a water or wastewater system, a CIP is not required, since the information for the single system should be addressed in the Preliminary Engineering Report (PER). If all of the system’s deficiencies are not to be addressed in the project, the PER should include a plan of action to resolve the remaining deficiencies.
- Since under the federal CDBG statute, counties (as units of general local government) must apply on behalf of water and sewer districts, counties are also encouraged to set aside a portion of the proposed CDBG project budget to prepare a county-wide CIP addressing county facilities, such as roads, bridges, hospitals, nursing homes, and any other major public facilities the county is responsible for.

A CIP should contain specific information in order to be useful and effective. **In order to meet CDBG funding requirements, at a minimum, the CIP must include the following information:**

1. **An inventory of existing facilities and their general condition** (This information should be general and will typically be obtained from the persons responsible for managing and operating the system. It is not expected that a detailed engineering analysis be performed to obtain this information);

- 2. Population projections and their impact on existing facilities;**
- 3. Identification and prioritization of needs or projects;**
- 4. Indication of the year projects are scheduled to be accomplished;**
- 5. Estimated cost for each of the projects;**
- 6. Identification of the amount and potential sources of funding for each of the projects; and**
- 7. Identification of the timing and any other specific requirements associated with obtaining funding for the projects.**

The preparation of a capital improvements plan is intended to encourage more effective long-term planning for the construction, maintenance, and financing of local public facility projects. By preparing a CIP while an engineer is already on-site working on a CDBG public facilities project, the cost of the CIP will be reduced and the community will be left with a basic “road map” for dealing with its future public facility needs when the current CDBG project is complete.

C. SPECIAL REQUIREMENTS FOR PUBLIC FACILITIES PROJECTS

1. Coordination of CDBG Ranking with the Treasure State Endowment Program (TSEP)

- Applicants seeking CDBG funds as well as TSEP funds that must be approved by the 2007 Legislature for the same project must apply to both CDBG and TSEP in May 2006.

These CDBG water and wastewater applications will then be reviewed concurrently with TSEP applications during the summer of 2006.

- All non-CDBG funding sources for Public Facilities projects must be firmly committed by July of the year following the date of announcement of tentative CDBG grant award. CDBG funds for any given fiscal year are typically received by the Montana Department of Commerce during the month of April. Successful Public Facilities applicants which received notice of tentative grant award in October, 2006 must have other non-CDBG funding sources firmly committed by July, 2007.
- Applications submitted to CDBG in 2007, 2009, etc. (the years when TSEP will not be accepting applications) may request that engineering scores assigned by TSEP previously for the same project be used by CDBG. In these cases, it is not necessary for these CDBG applicants to prepare new responses to the individual ranking questions for CDBG criterion 2, “Need for Project” and criterion 3, “Project Concept and Technical Design”, as applicable.
- It is the responsibility of the applicant to make sure that the information submitted in a PER conforms to the outline described in the most current version of the Uniform Application for Montana Public Facility Projects. For more information, please check the following website: <http://dnrc.mt.gov/cardd/ResDevBureau/uniform.asp>. If a Preliminary Engineering Report (PER) submitted as part of an earlier competition has been modified

materially since the last CDBG or TSEP competition, it is the responsibility of the CDBG applicant to clearly identify the new or revised information or any other modifications of the PER. For CDBG applications for which the PER has been materially modified or revised, the application will receive a new, separate engineering technical analysis and will be assigned an appropriate score based on the CDBG ranking criteria. The CDBG program will not provide a new ranking of a previous TSEP or CDBG application unless the applicant can demonstrate that the application has, in fact, been modified materially since the prior submission.

2. Payment of Hookup Charges and Special Assessments

The Federal Housing and Community Development Act imposes special requirements on projects which will be financed entirely or partially by hookup charges or assessments on property, such as through a special improvement district.

For Areas with 51% or Greater Low and Moderate income Persons:

If a community intends to finance its public facility project through the use of special assessments or hookup charges and is requesting CDBG funds to financially participate in the project, the community would be required to use CDBG funds to pay the entire assessment or hookup charge for each low and moderate income household within the project area that wants to receive assistance. If the community determines that the CDBG grant amount is not sufficient to allow it to pay assessments for all low and moderate income persons, it would certify that fact to MDOC, and in this event **either**:

- a. provide CDBG funds to pay all the assessments for low income households only,
or
- b. use a portion of the CDBG funds to pay for all low-income households, and distribute the balance of CDBG funds remaining among moderate income households by prorating the amount of CDBG assistance in proportion to the level of household income.

Assessments in Areas with Less Than 51% Low and Moderate Income Persons:

The Federal Housing and Community Development Act authorizes the use of CDBG funds for payment of special assessments levied against properties owned and occupied by persons of low and moderate income in neighborhoods or communities where less than 51% of the residents are low and moderate income (LMI). This permits a local government to use CDBG funds to pay special assessments levied against properties owned and occupied by LMI persons even when less than 51% of the area residents are LMI.

However, an important limitation on this option is that in project areas with less than 51% low and moderate income, CDBG funds can only be used to pay for assessments for LMI individuals and not for other related engineering or construction costs. When paying assessments for qualified LMI households, the local government must pay 100% of the assessments for low-income households, to the extent possible. If any CDBG funds to be used for assessments remains after all the low-income households assessments are paid, then that remaining amount is to be prorated among the qualifying moderate income households.

Properties owned or occupied by low or moderate income families which will be assisted by paying special assessments or hookup charges must be intended for occupancy the majority of the calendar year. Applicants considering an application that proposes to use CDBG funds to pay assessments for LMI households should consider retaining a qualified bond counsel since each project is unique and may have special requirements. Applicants having any questions regarding these issues should contact MDOC CDBG staff for guidance.

Sample policies and forms for provision of CDBG assistance for special assessments are available from MDOC CDBG staff. The CDBG booklet, "Documenting Benefit to Low and Moderate Income Persons" includes a discussion of methods by which CDBG funds can be targeted to benefit low and moderate income households as part of public facility projects.

3. For Projects Involving Non-Profit Or For-Profit Entities or Public Agencies:

a. Applicants applying on behalf of nonprofit organizations which will operate and own or lease an assisted facility or project and for-profit entities that commit to serving LMI citizens must provide the information required under "Special Requirements for Projects Involving Nonprofit or For-Profit Organizations or Public Agencies," found in **Appendix N**. Applicants should provide thorough responses to the requested information because it will be used as a key element in ranking applications involving non-profit or for-profit organizations or public agencies.

b. For applications where facilities or activities are proposed that will remain the responsibility of a nonprofit or for-profit entity, the applicant must provide a statement regarding past accomplishments of the organization and plans for assuring proper operation, maintenance, and long-term management of the facilities or activities.

c. Cash Flow Analysis


Adequate income projections are necessary to demonstrate the long-term financial soundness of the project. The organization must provide projected balance sheet and revenue and expense statements for a three-year period following receipt of CDBG funds which includes all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements, as well as current and long-term operating capital needs.

Adequate income projections are necessary to demonstrate the long-term financial soundness of the project. The organization must provide projected balance sheet and revenue and expense statements for a three-year period following receipt of CDBG funds which includes all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements, as well as current and long-term operating capital needs.

In addition, a detailed proforma must be provided, outlining projected expenses such as management and administration costs; utility costs; repairs and maintenance costs; insurance and taxes; reserves; and debt service. Section C, Part V and VI of the Uniform Application For Montana Housing Loan, Grant, & Tax Credit Programs, March, 2004 Edition provides a proforma that can be utilized to provide this information.

(Available at: http://www.housing.mt.gov/Hous_Apps.asp#uniform.)

Other project specific models are available upon request from MDOC CDBG staff. The projections must include an explanation of how the figures and assumptions were developed.

 ***Please note that MDOC has resources to assist you in preparing your grant application. You can borrow copies of previously successful public facility applications submitted by communities and other related reference materials are available upon request from MDOC staff.***

C. PUBLIC FACILITIES CATEGORY RANKING CRITERIA

Public Facilities applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1. Community Planning and Citizen Participation	125 Points
2. Need for Project	125 Points
3. Project Concept and Technical Design	100 Points
4. Community Efforts	75 Points
5. Need for Financial Assistance	150 Points
6. Benefit to Low and Moderate Income	100 Points
7. Implementation and Management	<u>125 Points</u>
TOTAL:	800 Points

COMMENT: A Public Facilities application must receive a minimum score of 500 points in order to be eligible to receive CDBG funds.



NOTE:

Each applicant must submit a narrative response to each ranking criterion. Failure to respond to a criterion or to comply with a pertinent and important application requirement will result in no points being awarded for that criterion.

For ease of reference, any documentation or exhibits related to the applicant's response to a CDBG ranking criterion should be placed in the application immediately following the applicant's narrative response to that criterion.

ASSIGNMENT OF SCORING LEVELS

Each application will receive points depending upon its overall response to each criterion, “relative to its capacity and resources” and in comparison with the other applications submitted. The list of general definitions and scoring levels are used as a guide in determining scores for each criterion. There are numerous variables involved in scoring each of the seven criteria; as a result, the point level assigned may be higher or lower than the scoring level definitions would imply. Each application will be compared to the ranking issues under each ranking level to determine which level, overall, best reflects the application’s response or situation relative to the ranking criterion. It should be understood that the ranking team must have the ability to apply flexibility and judgment in assigning scores. In addition, as a result of continuing efforts to improve on the scoring levels, the scoring levels may be modified somewhat at any point in the process.

GENERAL DEFINITIONS FOR CDBG RANKING CRITERIA SCORING LEVELS

The following general definitions would be applied to all non-quantitative ranking criteria relative to the overall quality of the applicant's response or situation relative to the ranking criteria and applicable special requirements. The level actually assigned will also depend upon the applicant's specific responses to the overall ranking criterion and the applicable ranking issues listed under each criterion.

LEVEL 5

In order for an application to receive a "LEVEL 5", it would have to have provided a very complete narration that thoroughly addressed the overall criterion, applicable ranking issues, and minimum requirements, including very complete substantive supporting documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered exemplary, particularly innovative, or to be extremely consistent with the intent of the ranking criterion. There were no ranking issues of any significance that were not adequately addressed.

LEVEL 4

In order for an application to receive a "LEVEL 4", it would have to provide a very thorough narration addressing the overall criterion, applicable ranking issues, and minimum requirements, with strong documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered above average, very thorough, or to be very consistent with the intent of the ranking criterion. A "LEVEL 4" score would not reflect the level of excellence or be as consistent with the intent of the ranking criterion as a "LEVEL 5" would be. The application may not have completely addressed some ranking issues, but these were considered to be minor concerns.

LEVEL 3

In order for an application to receive a "LEVEL 3", it would have provided an adequate narrative addressing the overall criterion, applicable ranking issues, and minimum requirements, with acceptable documentation to support its claims. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered average, adequate, or to be generally consistent with the intent of the ranking criterion. The application meets the minimum requirements for responding to the criterion and has

documented compliance with the special requirements that are pertinent to the ranking criterion; however, the application may not have adequately considered some ranking issues that were considered to be potentially important.

LEVEL 2

In order for an application to receive a "LEVEL 2", it would have provided some narration addressing the overall criterion, ranking issues, and minimum requirements, but may have provided weak or inadequate responses and/or documentation to clearly or completely support its claims or compliance with a requirement. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered below average, inadequate, or not entirely consistent with the intent of the ranking criterion. The application has not met all the minimum requirements for responding to the ranking criterion or has not complied with all the special requirements that are pertinent to the ranking criterion. The application may not have been complete or did not consider or adequately address some ranking issues that were considered to be important.

LEVEL 1

In order for an application to receive a "LEVEL 1", it would have serious weaknesses in its narrative responses to the ranking criterion, ranking issues, and lack critical supporting documentation, or would fail to adequately document compliance with one or more of the general, threshold CDBG requirements or a critical special requirement for the category applied for. The Applicant's response to the ranking criterion (or the Applicant's actions or situation relative to the ranking criterion) is considered very weak, seriously inadequate or inconsistent with the intent of the ranking criterion. The application either did not address or did not provide sufficient information regarding several critical ranking issues.

LEVEL 0

In order for an application to receive a "LEVEL 0", it would have failed to provide a response of any kind or would not meet a general statutory threshold requirement for the CDBG program that is related to the ranking criterion.

The above scoring levels will be used to assign scores for Criterion 1, "Community Planning and Citizen Participation", Criterion 4, "Community Efforts", and Criterion 7, "Implementation and Management."

1. COMMUNITY PLANNING AND CITIZEN PARTICIPATION -- 125 points.

RANKING CRITERION

The “Community Planning and Citizen Participation” criterion considers the following, relative to the capacity of the applicant:

- The adequacy and thoroughness of the planning process and citizen participation efforts used by the applicant to identify overall community development and housing needs, including the needs of low and moderate income persons, and the activities or actions it plans to meet the identified needs.
- The extent to which the proposed project is consistent with expressed public opinion and the applicant’s community development objectives, as well as the national and state objectives for the CDBG Program.
- The degree to which the applicant has considered the needs of low and moderate income residents and how the proposed project will benefit or impact low and moderate income persons.
- Whether the applicant has provided a reasonable rationale for selecting the proposed CDBG project over other community development and housing needs that were identified.

The Community Needs Assessment Process for the CDBG Program

The basic framework of Montana’s CDBG Program was established in 1982 by a 14-member Task Force composed of local government officials that was appointed by the Montana Department of Commerce (MDOC) to design the State’s CDBG program. The Task Force recommended including a requirement that communities conduct a “needs assessment” process before applying for CDBG funding. The intent of Task Force members was to encourage Montana communities to move away from a “crisis management” approach to community problem-solving and instead adopt a view of community development as a long-term process of planned, incremental actions to improve the community over time. In addition, the Task Force members felt strongly that broad public involvement was critical for setting community development objectives and to build support to make a CDBG project successful.

Subsequently, in 1984, Congress amended the Federal Housing and Community Development Act to require that each CDBG recipient “identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs.” According to the legislative history for the amendment, Congress established this requirement to promote better-coordinated strategies for addressing local needs, particularly as they affect low and moderate income persons. Apparently, Montana’s CDBG Task Force and Congress independently developed similar requirements to address similar concerns.

To fulfill this requirement, each local government applicant for a CDBG Public Facilities or Housing project must conduct a planning process that considers and describes:

1. The applicant's community development and housing needs, including the needs of low and moderate income persons; and
2. The activities it plans to meet the identified needs.

A Special Note to Counties:

The county governing body is the appropriate, eligible applicant for CDBG projects intended to:

- resolve problems within the unincorporated jurisdiction of a county;
- resolve problems that are truly countywide, regardless of jurisdiction;
- assist a non-profit entity (such as a Human Resource Development Council) which serves county residents; or
- resolve problems within the boundaries of county water and sewer districts.

When a county government is the applicant, the CDBG needs assessment process applies to the entire county, not just the needs of a specific sub-recipient or unincorporated community being sponsored by the county. Any CDBG application submitted by a county on behalf of a sub-recipient or unincorporated community, should describe the county's overall, countywide community development needs (including the unincorporated geographic area of the county), in addition to the particular needs of the entity which the county is applying on behalf of. The description should cover, at a minimum, all of the basic CDBG project categories (economic development, housing, and public facilities).

For example, this process applies to counties applying on behalf of county water and sewer districts. Under Montana law, county water and sewer districts fall within the unincorporated jurisdiction of a county and the county government is considered the appropriate applicant under the Montana CDBG program. Since the county government is considered the "applicant", the CDBG needs assessment applies to the entire county, not just to the specific water and sewer district being sponsored by the county.


It is the intent of Montana's CDBG Program that governments take full advantage of their local planning programs and not unnecessarily duplicate their local planning efforts solely for the purpose of complying with the CDBG "community needs assessment" requirement. In many cases, a local government may have already identified community development and housing needs and activities to meet the needs by preparing a community "growth policy." (The 1999 Montana Legislature, substituted the term "growth policy" for what was previously referred to as a "comprehensive plan" or "master plan" in state law.) Where a community has an existing, adopted growth policy, MDOC strongly encourages local officials to use it to meet the requirement that CDBG applicants "identify community development and housing needs" and activities to meet those needs.

Given the limited resources available to most communities, MDOC discourages stand-alone planning activities or community surveys that are intended for CDBG application purposes only, which are not being coordinated with the local government's on-going planning program.

There is no one recommended procedure that applicants should use in identifying community development needs and possible solutions for those needs. Some people think that a "needs assessment" means a community survey. A survey is one way to identify community needs, but there are other equally effective techniques. In the past, some local governments have assigned the task of identifying needs to an existing local planning board. Others have formed special short-term task forces or citizen committees or utilized community-wide town meetings, neighborhood meetings, or interviews with community leaders.

Some communities have already conducted very similar planning or needs assessment processes that may be used to meet the federal CDBG requirements to identify community development and housing needs. These include:

- Preparation of city or county growth policies.
- A number of communities have prepared "Resource Team Assessments" in conjunction with the Montana Economic Developers Association (MEDA).
- Several counties and multi-county areas have prepared a "Comprehensive Economic Development Strategy" (CEDS) with funding from the U.S. Economic Development Administration (EDA). The CEDS is a prerequisite for receiving financial assistance from several EDA programs.
- Some Montana communities have developed "Community Action Plans" with grants from the U.S. Forest Service.
- Other Montana communities have prepared "Needs Assessments," "Strategic Plans" or "Community Vision Plans," many with assistance from the community development staff from Montana State University's Cooperative Extension Service.

 Any of these planning processes can potentially be used to fulfill the community needs assessment requirement.

The CDBG requirement to evaluate community needs and identify activities to meet them can also provide an opportunity to review existing special purpose plans such as for capital improvements, economic development, housing, or neighborhood renewal areas to determine if they still adequately reflect current conditions, needs, and community priorities.

The intent of the needs assessment process is to provide a community with a list of potential projects or actions that could be pursued over a period of years in order to improve the community. The needs assessment process does not have to be repeated if a previously prepared needs assessment, or planning process still accurately reflects existing conditions and priorities. ***If an existing needs assessment will be used as the basis for re-application, the local government can simply solicit public comments on the previously identified community needs and the planned activities to meet the needs at the first required public hearing to see if they still appear to be appropriate.***

Some local governments have asked how often a community should re-evaluate community development and housing needs. In general, once every five years has been used as a standard, but the timing can vary according to local circumstances, particularly, if major changes have occurred within the community. For example, the State Legislature requires that local government growth policies be reviewed every five years and revised, if necessary.

Whether or not your community ultimately decides to apply for CDBG funds, the process of periodically involving local citizens in identifying community needs and possible activities to deal with them, is, in itself, valuable. It can provide local elected officials and other community leaders with important feedback from citizens on their major concerns regarding the community and provide a “road map” for future projects to improve the community.

Alternative approaches for identifying community needs and possible solutions for them are explored in more detail in the CDBG handbook, The Community Needs Assessment Process. Copies are available upon request from MDOC CDBG staff, or available from the CDBG website at: http://commerce.mt.gov/CDD_CDBG_CN.asp

In addition, a revised version of Montana's Growth Policy Resource Book, will soon be available to assist those communities that have chosen to update existing growth policies or prepare a growth policy for the first time. Please contact CDBG staff for more information.

Citizen Participation Requirements for the Community Development Block Grant (CDBG) Program

The citizen participation process should be viewed as more than simply compliance with a grant application requirement. The public involvement process can be a key factor in developing community understanding and support for a proposed CDBG project and ultimately lead to a more successful project. By involving the public up-front in the development of grant proposals, local governments can build the foundation for long-term community support for its community development program. A closely related concern is whether the needs assessment process meets federal CDBG requirements for providing citizens, especially low and moderate income residents, adequate notice and opportunity for meaningful involvement in the local planning process.

To comply with HUD regulations, the Montana Department of Commerce has adopted the following requirements to insure adequate citizen participation:

Unless re-applying for the same project submitted unsuccessfully in the previous year, the applicant must hold a minimum of two public hearings, one before preparing the application and one prior to passage of a resolution by the governing body authorizing the submission of the application. Applicants should hold the first public hearing not more than twelve months prior to the date of application. The second public hearing should be held not more than three months prior to the date of application.

A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; applicants should provide a list of the names of persons who attended and a summary of comments by local officials and citizens which is sufficient to reflect the comments made by those attending the meeting.

Applicants reapplying for the same project submitted unsuccessfully in the previous year must still hold at least one public hearing prior to the passage of the resolution by the governing body authorizing the submission of the application. The applicant should hold the hearing not more than three months prior to the date of application.

If an unsuccessful CDBG applicant is re-applying for a CDBG project, or if a community has previously gone through a needs assessment process, it is not necessary for the community to repeat the process "from scratch." If the community development and housing needs and planned actions to deal with them that were previously identified still appear to accurately reflect existing community conditions, the local government can simply solicit public comments on the previously identified community needs, and the planned activities to meet the needs, at the first required public hearing to confirm that the previous needs assessment still appears valid.

Public notice must be provided before public hearings are held. Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. Where possible, notice should also be directed to persons of low and moderate income or those persons who will benefit from or be affected by CDBG activities and/or groups representing low and moderate income persons. Hearings must be held at times and locations convenient to the general public and with reasonable accommodations for handicapped persons. For hearings where a significant number of non-English speaking residents can be reasonably expected to participate, federal law requires that arrangements be made to have an interpreter present.

In all cases, the local government must conduct the required public hearings, even if the local government is considering applying on behalf of a subrecipient, such as a local housing authority, human resource development council, or a county water and sewer district. Having the local government conduct the hearings, rather than delegating the task to a potential recipient of the CDBG funds, provides the most objective forum for considering alternative community needs (and potentially competing proposals for CDBG projects) and encourages a more frank discussion regarding any proposed community development projects. At its discretion, the local government may delegate the task of holding the hearing to a local government agency such as a planning board or planning and community development department.

SUGGESTION FOR APPLICANTS: Local officials and MDOC staff are well aware that formal public hearings are sometimes a very ineffective means of getting people involved or encouraging meaningful dialogue or discussion. The required CDBG "hearings" do not have to be formally structured or even be conducted in a traditional hearing format to meet the CDBG public hearing requirement.

The CDBG Program encourages a neutral setting that promotes open discussion and an exchange of ideas regarding all community development and housing needs, and possible solutions for those needs. This can include an open town meeting or facilitated small group discussion with a final summation of identified community needs and solutions. Local officials may also want to use additional public involvement techniques such as open houses or presentations to local organizations to make more citizens aware of community needs and to solicit their ideas on activities or projects to address community problems.

The First Public Hearing

The first public hearing is intended to give citizens an opportunity to identify and discuss their community's overall community development and housing needs, including the needs of low and moderate income persons, and to propose possible community improvement projects to meet those needs, before the local government makes a decision on what project or projects it will seek CDBG assistance for. The first hearing should also inform the public about:

- the amount of state CDBG funds estimated to be available to Montana communities, and
- the kinds of activities that are eligible to be assisted with CDBG funds.

The purpose of the first hearing is to provide an objective and neutral forum for considering overall community needs and potentially competing or alternative proposals for CDBG projects to deal with those needs, within the local government's jurisdiction. **Applicants should hold the first public hearing not more than twelve months prior to the date of application.** Appendix H provides a sample model notice for the first public hearing.

SUGGESTION FOR APPLICANTS: As a practical matter, MDOC CDBG staff understand that local officials may have a possible project in mind for a CDBG application before the first public hearing to "identify community development and housing needs" is held. However, it is very important that the location of the first hearing be considered a neutral site, not intended to skew the selection of the proposed project toward a pre-determined community need, so that all potential CDBG projects can receive fair consideration before a decision to submit a particular project is made. For example, even though a county government may be considering a project to serve a particular unincorporated community, the first public hearing should be held in the county seat, rather than in that unincorporated community, so that all potential community development and housing needs can receive fair and impartial consideration as a potential CDBG project.

The same concept would apply to a city considering a project in a particular neighborhood. Likewise, a local government may be considering an application on behalf of a non-profit organization, such as for improvements to a senior center. In this case, it would be inappropriate to hold the hearing for identifying community needs at the senior center since this may discourage advocates for other community needs from coming forward or speaking out. The site of the first public hearing should be a neutral one that would encourage fair and impartial consideration of all potential CDBG projects.

In some cases, a local government may need to respond to a mandate from a state agency to improve a specific public facility. They may be under strong legal pressure to accomplish a particular project, such as upgrading the city wastewater treatment plant to meet state water quality standards. The reason local officials rank this issue as their number one need is understandable. In this case, the citizen participation process can still be a valid way to educate local citizens regarding the community's obligation to assure adequate sewage treatment to protect Montana's environment. It can also involve real dialogue into HOW they accomplish goals. For example, which treatment alternative is most appropriate for the town's financial and technical capacity? Could they structure the financing in such a way as to minimize the financial impact on LMI families through the "targeting" of CDBG financial assistance?

To minimize duplication, local governments may use advertised public hearings related to their planning program or other funding applications to meet the CDBG requirement for a public


hearing prior to preparation of their CDBG application, as long as overall community needs and possible solutions are considered. **An increasing number of Montana counties and cities are cooperating to publicize and hold joint, annual hearings to consider overall community development and housing needs for both the city and county.** By this means, a single public hearing can meet the requirements of several state or federal programs, such as the MDOC CDBG, HOME, or Treasure State Endowment Programs (TSEP). This approach can also make participation more convenient for the public or interested organizations or groups.

The Second Public Hearing

The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed CDBG project (especially low and moderate income persons), or residents of the project area, adequate opportunity to consider the potential impacts and benefits of the community's proposed project and to comment on it, before the community submits the application. **The hearing should be held not more than three months prior to the date of application.**

At the second public hearing, specific CDBG program requirements and related project issues should be reviewed. For example, if taxes or user charges will need to be increased as part of the cost of financing a CDBG project, it is especially important that residents be informed and understand the necessity of raising user costs. This is the key hearing at which the public should have the full opportunity to review and comment on the details of the scope and design of the proposed project, as well as all projected financial responsibilities falling on project beneficiaries.

To facilitate the participation of citizens who may be most affected by a proposed project, local officials may wish to hold the second public hearing in a location near the proposed project site, such as in an unincorporated community or a neighborhood in a larger city. For the second public hearing it would be appropriate, for example, to hold the hearing at a senior center proposed to be assisted with the CDBG project. Local governments may conduct a single, consolidated public hearing to address the public hearing requirement for other funding programs while meeting the CDBG second public hearing requirement.

 The date of the second public hearing on the proposed CDBG project should be held far enough in advance of the application deadline so that local officials would have a reasonable amount of time to deal with any suggestions or concerns stated by citizens at the hearing. Appendix H also includes a sample model notice for the second CDBG public hearing.

COMMENT: The CDBG Program is more concerned about substance, than form. It's not the number of hearings or meetings that have been held -- it's the quality of the dialogue that is taking place among and between citizens and the local officials. Does the needs assessment and citizen participation process reflect one-way communication of a project that is a "done deal" where the basic concept or design has been decided in advance by a consultant or are local officials really soliciting public suggestions and listening to what is being said? Are they willing to modify the proposed project in response to public suggestions or concerns? Is the process "bottom-up" or "top-down?"

The federal Housing and Community Development Act requires MDOC to adopt "a detailed Citizen Participation Plan." To receive CDBG funds, both MDOC and applicants for grants must certify that they are carrying out citizen participation in a manner that complies with this plan. Montana's CDBG Citizen Participation Plan and the required Certifications for Application are found in Appendix Q. The requirements described above are the key elements of Montana's "Citizen Participation Plan."



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond "point by point" to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that describes the relationship of what is being referenced to the ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the **APPLICATION RANKING ISSUES**, rather than appending them to the end of the overall application. Appropriate exhibits for this ranking criterion would include minutes of hearings, attendance sign-up sheets, newspaper clippings, newsletters, special bulletins, flyers etc. regarding the needs assessment process, public hearings and any other related public meetings.

COMMUNITY PLANNING AND CITIZEN PARTICIPATION APPLICATION RANKING ISSUES

A. Community Planning

1. Did the applicant describe its overall community development and housing needs, including the needs of low and moderate income persons, and the processes used to determine them?
2. Did the applicant describe the actions or activities it plans to meet the identified needs? *(Recommendations included in an adopted Growth Policy or prioritized activities listed in a CIP may document planned actions or activities.)*
3. Did the applicant provide a reasonable rationale for selecting the proposed CDBG project over other potential community projects that were considered? *If a county application, did the county describe its rationale for why the proposed CDBG project should be the highest priority over other potential county needs that were considered?*

4. Has the applicant established priorities for dealing with its public facilities deficiencies through an officially adopted CIP or a public infrastructure strategy included in an adopted growth policy ?
5. If the applicant has an officially adopted CIP, does it contain all the basic information listed in the box on page 20?
6. Did the applicant identify any significant patterns or concentrations of lower income households or groups of particularly disadvantaged persons (such as single parent heads of households or seniors) in the community or county, or consider public facility or other community problems that especially affect the welfare of low and moderate income residents? How would the proposed project benefit or impact these persons?
7. Does the project appear reasonable and appropriate, given long term demographic trends as reflected by Census 2000 (population increases or decreases, growth in unincorporated areas, increases in elderly population, etc.)? ***Please refer to Appendix T which includes 1970, 1980, 1990, and 2000 Census information for all Montana counties and incorporated cities and towns.***

Your application will likely rank higher if you can document that:

- *your community or county (if a county application) has assessed its overall public facilities needs, has identified and documented deficiencies, and has established priorities for dealing with them. This could include preparation of an officially adopted CIP or infrastructure strategy in an adopted growth policy.*
- *the proposed CDBG project is an integral part of or consistent with that CIP or strategy.*
- *your community or county (if a county application) updates the established priorities, and community growth policy and/or CIP on a regular schedule.*
- *your community's selected project is consistent with long-term demographic trends. (See Appendix T).*

B. Citizen Participation

1. Did the applicant describe the process it used to encourage citizen participation in the identification of overall community development and housing needs, and the actions or activities it plans to meet the identified needs?
2. Did the applicant describe the dates, times, and locations of the two required public hearings and provide copies of attendance lists, meeting summaries or minutes sufficient to reflect comments made by local officials and the citizens attending. For example, do the minutes reflect the fact that at the first public hearing citizens were given the opportunity to discuss community needs in general (not just those related to the contemplated CDBG application) and that specific project details were thoroughly covered at the second public hearing?

Your application will likely rank higher if:

- *the date of the first public hearing was well in advance of the deadline for application;*
- *the date of the second public hearing was far enough in advance of the deadline for application that any public concerns could have legitimately been addressed by local officials, rather than at the last minute prior to the application deadline.*
- *the times and locations of the public hearings would have been conducive to encouraging public involvement of working people, rather than scheduled during day time, working hours.*
- *the location of at least the initial needs identification hearing would be considered neutral and not designed to skew the selection of the project for the CDBG application toward any particular project.*
- *a reasonable cross section of local residents attended the hearing, in addition to local officials, consultants, etc.*
- *you provide complete attendance lists, and adequate meeting summaries or minutes sufficient to reflect comments made by local officials and the citizens attending the public hearings or other meetings held.*

3. Is the proposed project consistent with expressed public opinion and does it have strong public support?
 - a. Was the public informed of the estimated cost per household that will result from the proposed project, such as anticipated increases in property tax assessments, user charges, or fees?
 - b. What were the public comments regarding the costs that local citizens will have to pay?
 - c. Has the public had reasonable opportunity to make comments on the proposed project and have any concerns been addressed by local officials?

You will want to demonstrate that your community or county undertook efforts to encourage citizen participation, including efforts to involve low and moderate income residents, in the process of identifying overall community needs, possible activities or actions to address them, and the selection of the CDBG project and project area. In addition to documentation of public hearings, you'll want to include documentation of newspaper articles, copies of special mailings, public opinion surveys, letters of support, etc. If your community has conducted a public opinion survey, the applicant should provide an analysis and interpretation of the responses and the implications for possible activities or actions to address identified needs or concerns.

C. National and State CDBG Objectives

1. Is the applicant's proposed project consistent with the primary objective of the CDBG Program: "The development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income?"
2. Has the applicant described the national objective for the CDBG Program that is most appropriate and pertinent to the proposed project? (See Appendix B.)

3. Has the applicant described the state objective for the CDBG Program that is most appropriate and pertinent to the proposed project? (See Appendix C.)

*(Applicants should **not** provide an extensive response referencing multiple national and state CDBG objectives.)*

D. Other Information

Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

SCORING

Each application will receive points depending upon its overall response to the "Community Planning and Citizen Participation" criterion, in comparison with the other applications submitted:

BEST	5 --	125 points
	4 --	100 points
	3 --	75 points
	2 --	50 points
	1 --	25 points
	0 --	0 points

2. NEED FOR PROJECT -- 125 points

RANKING CRITERION

The “Need for Project” ranking criterion considers the overall need for the activities to be addressed with CDBG funds. Applicants proposing CDBG-funded activities that, overall, are considered to be addressing the most severe and immediate needs will receive the highest score.

In documenting the need for the proposed CDBG project activities, applicants should address the following as appropriate:

- The degree to which the public facilities problem to be addressed with CDBG funds affects the public's health or safety; the proportion of the total community affected; and
- The immediacy of the public facility problem to be addressed with CDBG funds, including the cause of the problem, how long the problem has existed, and/or how often it has recurred.

Highest priority will be given to projects that are designed to eliminate serious and immediate threats to the public's health or safety. Combining high priority activities with activities considered lower priority may result in the assignment of a lower overall rank.

The need for the proposed project activities will be assessed by using existing criteria or recommendations of other appropriate public or private agencies, whenever possible. When necessary, MDOC will seek technical review by appropriate public or private agencies or qualified professionals to evaluate proposals.



Applicants Applying to CDBG for TSEP Projects Submitted in May, 2006. (for the Same Public Facilities Project)

Some local governments will be applying to CDBG for TSEP projects submitted in May, 2006 (for the same project). The information necessary to score this priority will be taken from the applicant's preliminary engineering report (PER) found in the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*. Applicants do not need to provide any narrative response to this priority unless they are providing additional information not contained in the PER. The following criteria are listed here simply to inform applicants of the issues that will be looked at in the scoring of this priority.

REQUIREMENTS:

1. Preliminary Engineering Report

- a. Applicants requesting assistance for water, wastewater, storm sewer, or solid waste facilities projects must submit a Preliminary Engineering Report (PER) prepared by a licensed, professional engineer that meets the minimum requirements described in

the Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005) available from MDOC, or downloaded from the W2ASACT website:

<http://dnrc.mt.gov/cardd/ResDevBureau/uniform.asp>

- b. For CDBG public facility applications proposing drinking water, wastewater, storm sewer, or solid waste projects, the "Need for Project" and "Project Concept and Technical Design" ranking criteria scores will be based on the information provided in the applicant's Preliminary Engineering Report (PER). MDOC will contract with private engineering firms to assist in the scoring of drinking water, wastewater, and solid waste projects for these ranking criteria.

Applicants for these types of projects will be asked to review and comment on the first draft of the engineering review report related to the "Need for Project" and "Project Concept and Technical Design" ranking criteria. While applicants will not be allowed to introduce any new information that was not included in the original application or PER, they can point out or clarify information that may have been overlooked or which may have been misinterpreted in the initial review of the application or PER.

2. Preliminary Architectural Report

- a. Applicants requesting assistance for the construction of a new building or rehabilitation of an existing building must submit a Preliminary Architectural Report (PAR) prepared by a licensed, professional architect that meets the minimum requirements described in the Preliminary Architectural Report for New Construction or Rehabilitation of Existing Buildings (Excluding Single Family Residences) (Appendix S).
- b. Applicants may reference the PAR in responding to the "Need for Project" ranking criterion. Applicants should review the "DIRECTIONS FOR APPLICANTS", below.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond "point by point" to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.

- This ranking criterion will also be scored based upon the information contained in the applicant's **Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)** including the **Preliminary Engineering Report (PER)** for drinking water, wastewater, storm sewer, or solid waste projects, or from the **Preliminary Architectural Report (PAR)** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the **APPLICATION RANKING ISSUES**, rather than appending them to the end of the overall application.

Note: CDBG Ranking issues 1. – 8. are the same as the questions asked under Statutory Priority #1 for the Treasure State Endowment Program: “Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.”

NEED FOR PROJECT APPLICATION RANKING ISSUES

1. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project? *(Describe all deficiencies.)*
2. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards? *(Describe each public health or safety problem and indicate whether the problem has occurred or the degree to which it is likely to occur in the near-term, long-term, or may potentially occur at some point in the future. It is important to provide supporting documentation showing the public health or safety problems.)*
3. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential? *(Describe the nature and frequency of occurrence. Provide supporting documentation to substantiate.)*
4. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents? *(Describe the number of residents affected by the problem.)*
5. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard? *(If yes, describe the standard being violated.)*

6. Does the standard that is being violated represent a significant threat to public health or safety? *(For each standard being violated as listed in 5., identify which of the public health or safety problems as listed in 2. are associated with it.)*
7. Is the proposed CDBG project necessary to comply with a court order or a state or federal agency directive? *(If yes, describe the directive and attach a copy of it.)*
8. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
9. Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

USE OF PARALLEL TSEP SCORING LEVELS

The text of the corresponding, parallel TSEP criterion general scoring definitions follows. The TSEP program also utilizes more detailed scoring level definitions for each type of project (water, wastewater, storm sewer, solid waste, or bridges), which is available upon request from either the CDBG or TSEP program.

Important note for projects with multiple phases that will pursue additional CDBG or TSEP funds for later phases: The score level assigned will be based on the phase of the proposed project for which CDBG or TSEP funds are being requested and the specific deficiencies that would be resolved. If the applicant has not clearly defined what will be accomplished in the proposed project, for which CDBG or TSEP funds are being requested, and which deficiencies would be resolved, the score level may be reduced.

- | | |
|---------|---|
| Level 5 | The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the <i>(type)</i> system (facility) <u>have occurred or are imminent</u> . These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure. |
| Level 4 | The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the <i>(type)</i> system (facility) are <u>likely to occur in the near-term</u> if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems however have a <u>high probability of occurrence as a result of incidental, casual or unpredictable circumstances</u> . |
| Level 3 | The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the <i>(type)</i> system (facility) are <u>likely to occur in the long-term</u> if the deficiencies are not corrected, even though they have not been documented to have occurred yet. These serious problems however have a <u>high probability of occurrence after chronic exposure and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact</u> . |
| Level 2 | The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the <i>(type)</i> system (facility) <u>may</u> |

potentially occur at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.

- ❑ This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.

Level 1 The Applicant did not demonstrate that it has a deficiency in its (*type*) system (facility) that could seriously affect the public's health and safety.

- ❑ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
- ❑ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.

SCORING LEVELS FOR NON-WATER AND SEWER PROJECTS

The text of the CDBG scoring levels that will be used for CDBG proposals other than water, wastewater, storm sewer, solid waste, and bridges follows.

LEVEL 5:

Definition –

- ❑ **Serious consequences** (i.e. illness, disease, loss of life, substantial property loss, or environmental pollution) clearly attributable to the deficiency in the facility described in the application **have occurred or are imminent**.
- ❑ The applicant has adequately **documented the deficiency** and the impact on the public's health, safety and welfare or the environment with: correspondence or other information from public (Federal, State or local) agencies or officials; certified data; or information from other agencies or individuals who are qualified to give a professional opinion on the deficiency or seriousness of the problem.
- ❑ The facility may be under a **court or agency order directive** to make the improvements described in the application.
- ❑ The deficiency is **existing, long-term, continual and affects the entire or a substantial portion of the community, or has the potential to affect the entire or a substantial portion of the community**. The serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure. (The situation is of an immediate nature).
- ❑ There are no reasonable, reliable and long-term management practices that would reduce the risk of illness, disease, loss of life, substantial property loss, or environmental pollution.

LEVEL 4:

Definition –

- ❑ **Serious consequences** (i.e. illness, disease, loss of life, substantial property loss, or environmental pollution) clearly attributable to the deficiency in the facility described in the application **are likely to occur in the near term** as a result of incidental, casual or unpredictable circumstances.
- ❑ The applicant has adequately **documented the deficiency** and the impact on the public's health, safety and welfare or the environment with: correspondence or other information from public (Federal, State or local) agencies or officials; certified data; or information from other agencies or individuals who are qualified to give a professional opinion on the deficiency or seriousness of the problem.
- ❑ The facility may be under a **court or agency order directive** to make the improvements described in the application.
- ❑ The deficiency is **existing, long-term, continual and affects the entire or a substantial portion of the community, or has the potential to affect the entire or a substantial portion of the community**. The serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure. (The situation **has a high probability of occurrence** in the near term, but has not been documented to have occurred yet).
- ❑ There are no reasonable, reliable and long-term management practices that would reduce the risk of illness, disease, loss of life, substantial property loss, or environmental pollution.

LEVEL 3:

Definition –

- ❑ **Serious consequences** (i.e. illness, disease, loss of life, substantial property loss, or environmental pollution) clearly attributable to the deficiency in the facility described in the application **are likely to occur in the long-term if the deficiency is not corrected**.
- ❑ The applicant has adequately **documented the deficiency** and the impact on the public's health, safety and welfare or the environment with: correspondence or other information from public (Federal, State or local) agencies or officials; certified data; or information from other agencies or individuals who are qualified to give a professional opinion on the deficiency or seriousness of the problem.
- ❑ The facility may be under a **court or agency order directive** to make the improvements described in the application.
- ❑ The deficiency is **existing, long-term, continual and affects the entire or a substantial portion of the community, or has the potential to affect the entire or a substantial portion of the community**. (The situation **has some reasonable probability of occurrence** in the near term, but has not been documented to have occurred yet and the consequences are not as serious as those associated with a level 4).
- ❑ There are no reasonable, reliable and long-term management practices that would reduce the risk of illness, disease, loss of life, substantial property loss, or environmental pollution.

LEVEL 2:

Definition –

- ❑ The deficiency described in the application **could potentially** affect the public's health, safety and welfare or the environment and circumstances clearly attributable to the deficiency **may occur at some point in the future,**
- ❑ **but have not been documented to have occurred yet.**

- ❑ The deficiency is **existing, long-term, continual and the problem potential affect all or a portion of the community.** (The community may have a deficiency, perhaps in meeting current design standards, but the application is unable to show a serious threat to public health and safety or the environment is likely to occur.)

LEVEL 1:

Definition – A deficiency in a basic facility or community that could affect the public's health, safety and welfare or the environment was not demonstrated or was inadequately documented.

SCORING

Each application will receive points depending upon its overall response to the "Need for Project" criterion:

HIGHEST NEED

5 --	125 points
4 --	100 points
3 --	75 points
2 --	50 points
1 --	25 points
0 --	0 points

3. PROJECT CONCEPT AND TECHNICAL DESIGN -- 100 points

RANKING CRITERION

The “Project Concept and Technical Design” criterion considers:

- the degree to which the applicant has developed a reasonable, complete, and appropriate proposal for dealing with its public facility need, and
- whether the proposed project thoroughly addresses the problem and provides a reasonably complete, cost-effective, and long-term solution in relation to the applicant’s financial and management capacity and available funding sources.



Applicants Applying to CDBG for TSEP Projects Submitted in May, 2006. (for the Same Public Facilities Project)

Some local governments will be applying to CDBG for TSEP projects submitted in May, 2006 (for the same project). The information necessary to score this priority will be taken from the applicant's preliminary engineering report (PER) found in the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*. Applicants do not need to provide any narrative response to this priority unless they are providing additional information not contained in the PER. The following criteria are listed here simply to inform applicants of the issues that will be looked at in the scoring of this priority.

REQUIREMENTS

A. Water, Wastewater, Storm Sewer, and Solid Waste Projects

1. Preliminary Engineering Report (PER) and Environmental Checklist

Applicants requesting assistance for water, wastewater, storm sewer, or solid waste facilities must submit a Preliminary Engineering Report (PER) prepared by a licensed, professional engineer that meets the minimum requirements described in the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)* available from MDOC. The Uniform Environmental Checklist also included in the *Uniform Application* must be completed as well. The uniform application may also be downloaded from the Water, Wastewater and Solid Waste Action Coordinating Team (W2ASACT) website at the following address: <http://dnrc.mt.gov/cardd/ResDevBureau/uniform.asp>

2. Water Meters

The CDBG program encourages the use of water meters, whenever appropriate. In many cases, over the long-term, installing water meters and instituting a fair billing system based on the use of meters, is one of the most prudent and cost effective management and conservation steps local governments can take. Generally, the installation of meters also reduces long-term operational costs for a water system.

A PER prepared for water system improvements must include an analysis of the feasibility of installing water meters and converting to a billing system based upon

meters in cases where meters are not currently utilized and meters are not proposed as part of the project. **No analysis of feasibility is required where meters are proposed to be installed.**

The analysis should include projections of the potential water conservation savings due to meter conversion and estimated installation and long-term maintenance and operations costs. Though local governments are not required to convert to a metering system as a precondition of receiving CDBG funds, local governments choosing not to convert to meters are expected to present a sound rationale why conversion would not be appropriate or cost-effective over the long-term.

B. Other Public Facility Projects

1. Preliminary Engineering Report (PER) or Preliminary Architectural Report (PAR)

The applicant must provide, as appropriate, a PER or PAR.



Preliminary Architectural Report (PAR)

Applicants requesting assistance for construction of new buildings or rehabilitation of existing buildings must submit a Preliminary Architectural Report (PAR) prepared by a licensed, professional architect that meets the minimum requirements described in the Preliminary Architectural Report for New Construction or Rehabilitation of Existing Buildings (Excluding Single Family Residences), Appendix S, which can also be downloaded from the CDBG website at the following address: http://comdev.mt.gov/CDD_CDBG_PF.asp

2. Special Design Considerations

Any special features in the project area or special regulatory standards that will result in an unusual facility design or a more costly design (e.g., lack of right-of-way, topography, handicapped accessibility, asbestos, lead-based paint, lead water service lines, historic preservation architectural standards) should be described. Applicants should also indicate the sources of cost estimates for each activity.

Applicants need to pay particular attention to HUD lead-based paint requirements when considering rehabilitation of public facilities such as hospitals, Head Start buildings, nursing homes, etc. New regulations define work practices that must be followed when dealing with lead-based paint in older structures. The regulations also expand requirements to protect occupants and workers from lead-based paint hazards until lead hazard reduction work is completed. See Appendix I in the CDBG Application Guidelines for Housing Projects for the November, 2005 Grant Competition for further information (available on the CDBG website).

3. New Construction of Buildings

If proposing new construction of a building, the applicant must thoroughly document that no buildings exist within the community which are suitable for purchase and cost-effective modification. This documentation should include an analysis of both the physical and financial feasibility of modifying existing buildings and an analysis

showing that the most appropriate and cost-effective alternative is new construction. **Applicants proposing new construction must provide a Preliminary Architectural Report (PAR).**

4. Summary

For other types of public facility projects (non-water and sewer), exhibits would include a copy of the Preliminary Architectural Report (where new construction or rehabilitation of an existing building is proposed), Preliminary Engineering Report, if applicable, and the Uniform Environmental Checklist and financial information (sections A., B, and C (pages 33 to 36), and the Balance Sheet and Income and Expense Statement, or its equivalent (pages 43 to 44) from the Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005) as an attachment.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond "point by point" to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.
- This ranking criterion will also be scored based upon the information contained in the applicant's Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005) including the **Preliminary Engineering Report (PER)** for drinking water, wastewater, storm sewer, or solid waste projects, or from the **Preliminary Architectural Report (PAR)** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application.

For CDBG public facility applications proposing drinking water, wastewater, storm sewer, or solid waste projects, the "Need for Project" and "Project Concept and Technical Design" ranking criteria scores will be based on the information provided in the applicant's Preliminary Engineering Report (PER). MDOC will contract with private engineering firms to assist in the scoring of drinking water, wastewater, and solid waste projects for these ranking criteria.

Applicants for these types of projects will be asked to review and comment on the first draft of the engineering review report prepared by MDOC's engineering consultants for the "Need for Project" and "Project Concept and Technical Design" ranking criteria. While applicants will not be allowed to introduce any new information that was not included in the original application or PER, they can point out or clarify information that may have been overlooked or which may have been misinterpreted in the initial review of the application or PER.

Note: Ranking issues 1. – 9. are the same as the questions asked under Statutory Priority #3 for the Treasure State Endowment Program: "Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs."

FOR DRINKING WATER, WASTEWATER, STORM SEWER, OR SOLID WASTE PROJECTS

Applicants have the option of providing narrative responses to questions "A. 1." through "A. 9." under FOR DRINKING WATER, WASTEWATER, STORM SEWER, OR SOLID WASTE PROJECTS, as applicable. This priority will be scored based upon the information contained in the applicant's Preliminary Engineering Report (PER) and environmental checklist. Applicants should reference pertinent sections of the PER in their narrative responses.

FOR ALL OTHER TYPES OF PUBLIC FACILITY PROJECTS

Applicants must provide narrative responses to questions "B. 1." through "B. 10." under FOR ALL OTHER TYPES OF PUBLIC FACILITY PROJECTS, as applicable. This priority will be scored based upon the technical information contained in the applicant's Preliminary Engineering Report (PER) or Preliminary Architectural Report (PAR) and Environmental Checklist. Applicants should reference pertinent sections of the plan or study in their narrative responses to the application ranking issues.

PROJECT CONCEPT AND TECHNICAL DESIGN APPLICATION RANKING ISSUES

A. FOR DRINKING WATER, WASTEWATER, STORM WATER, OR SOLID WASTE PROJECTS

1. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies? *(The PER should contain all of the information as specified in the Uniform PER outline, and should comprehensively examine the entire system in order to identify all potential deficiencies.)*
2. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project? *(If any deficiencies will remain upon completion of the proposed project, provide a plan for when those deficiencies will be resolved.)*
3. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the

deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems. *(If the applicant has not chosen to resolve the most serious public health or safety problems, it should provide a reasonable justification for the proposed project.)*

4. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project? *(The PER must provide an analysis of all reasonable alternatives in sufficient detail to justify the alternative chosen.)*
5. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
6. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
7. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs? *(The Uniform Environmental Checklist must be properly completed so that all potential environmental problems have been adequately assessed. All environmental concerns, noted in the Uniform Environmental Checklist, must be addressed in the PER when examining each of the alternative solutions.)*
8. For projects involving community drinking water system improvements, does the applicant have a water metering system for individual services or has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
9. Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

USE OF PARALLEL TSEP SCORING LEVELS

The text of the corresponding, parallel TSEP criterion general scoring definitions follows. The TSEP program also utilizes more detailed scoring level definitions for each type of project (water, wastewater, storm sewer, solid waste, or bridges), which is available upon request from either the CDBG or TSEP program.

Important note for projects with multiple phases that will pursue additional CDBG or TSEP funds for later phases: If the applicant has not clearly defined what will be accomplished in the proposed project, for which CDBG or TSEP funds are being requested, and which deficiencies would be resolved, the score level may be reduced.

- Level 5 The Applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.
- Level 4 The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 3 The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the preliminary engineering report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 2 The Applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.

B. FOR ALL OTHER TYPES OF PUBLIC FACILITY PROJECTS

1. Does the technical analysis (PER or PAR) provide all necessary information to adequately evaluate the proposal and did the analysis evaluate the entire system, facility, or structure (as applicable for the type of project) in order to identify all potential deficiencies?

(The technical information (PER or PAR) should provide all necessary information to adequately evaluate the proposal and thoroughly evaluate the entire system, facility, or structure (as applicable for the type of project) in order to identify all potential deficiencies.)

2. Does the proposed project completely resolve all of the identified deficiencies? If not, does the proposed project represent a complete and reasonable component of an overall long-term program or master plan for scheduled improvements for the facility or system? What deficiencies will remain upon completion of the proposed project and how and when will they be addressed?

(In cases where the proposed project will not completely resolve the public facility need or deficiencies, the applicant must provide a plan for when and how those deficiencies will be resolved.)

3. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems.

(If the applicant has not chosen to resolve the most serious public health or safety problems, it should provide justification for the proposed project activities.)

4. Were all reasonable alternatives thoroughly considered, and does the project concept and technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?

(The PER or PAR must provide an analysis of all reasonable alternatives in sufficient detail to adequately justify the alternative chosen.)

5. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
6. Are all projected costs reasonable and well supported?
7. Have all potential technical, environmental, regulatory or other problems been adequately assessed? Are there any apparent technical, environmental, regulatory or other problems that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?

(The Uniform Environmental Checklist must be properly completed so that all potential environmental problems have been adequately assessed. All environmental concerns, noted in the Uniform Environmental Checklist, must be addressed in the technical report when examining each of the alternative solutions.)

8. Did the applicant solicit and receive review comments from appropriate public and qualified private agencies concerning the proposed project's concept and design as well as long term operating plans for the project?
9. If a proposed public facility project will be owned and/or managed long-term by a sub-recipient local entity, such as a non-profit organization:
 - a. Has the applicant described the alternatives considered before selecting the proposed option and has developed a well-reasoned and achievable proposal? If applicable, have alternative sites been considered for purchase and thoroughly discussed in the PER or PAR?

- b. Does the project concept and proposed technical design represent the most efficient, appropriate, and cost-effective option for resolving the identified public facility need, considering the size and resources of the community, the complexity of the problems addressed, the cost of the project, and the proposed implementation schedule?
10. Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

SCORING LEVELS FOR NON-WATER AND SEWER PROJECTS

The text of the CDBG scoring levels that will be used for CDBG proposals other than water, wastewater, storm sewer, solid waste, and bridges follows. The text of the scoring level definitions focuses on the Preliminary Architectural Report (PAR) since this is the key document to be reviewed for applications for assistance to senior citizen centers, Head Start facilities, fire halls, nursing homes, rural hospitals, etc.

Level 5 - To be scored a level "5" the PAR must provide an ample amount of information to adequately address each of the PAR outline categories. The Level 5 PAR is considered an outstanding PAR that clearly analyzed and thoroughly documented that it has proposed an appropriate cost-effective technical design that clearly solves the problem in its entirety and provides a thorough long-term solution to its public facility needs. There are no issues of any significance that have not been adequately addressed. There should be no questions as to:

- ☐ the legitimacy of the problems represented in the PAR, which establishes project need,
- ☐ whether the condition of the existing facility was thoroughly evaluated
- ☐ whether all appropriate alternatives were adequately analyzed,
- ☐ whether the selected alternative is a reasonably appropriate solution, or
- ☐ whether there is sufficient documentation to support the above.

To be scored at a Level "5" the PAR should have:

- ☐ Clearly identified the existing service area and the projected service area for the project period. The service area growth projections were supported by population growth trends and/or economic development trends with supporting documentation. Documentation of population trends included historical population data. Documentation of economic development trends included a discussion of the commercial and industrial growth as well as documentation of service area zoning and a community economic development plan that supports the growth projections stated in the PAR.
- ☐ Described in reasonable detail existing physical and environmental features of the area that may have an impact on the condition and performance of the existing public facility and any proposed public facilities, and provided the reviewer with a complete understanding of the area. The impact these physical and environmental features may have on the existing and proposed public facilities were part of the discussion.
- ☐ Completely and clearly described and documented the condition and performance of the existing public facilities including:

- Layout of existing facility (floor plan for exiting structure),
 - History of facility, including when constructed, major improvements,
 - structural deficiencies,
 - regulatory noncompliance, and
 - provided financial status of facility, annual operation and maintenance costs, tabulation of users, revenue received for the last three fiscal years and status of existing debts associated with the facility,
 - provided a full evaluation of the presence of lead-based paint and asbestos when existing facilities are being considered.
- ❑ Completely and clearly described and documented the need for the project and the serious consequences that result from the problem to be solved. In other words, it was clearly demonstrated the documented deficiencies with the existing public facilities would cause serious problems such as:
- Health and Safety – described concerns, compliance issues, relevant regulations such as Uniform Building Codes, zoning ordinances, asbestos, lead-based paint, and other federal, state, local or tribal requirements.
 - Facility O&M – described O&M concerns with an emphasis on those with the greatest financial and operational impact. Discussed operational, administrative and management capacity.
 - Growth – described the facility capacity necessary to meet projected needs during the planning period. Discussed potential for future expansion, or any consideration given to designing for phased construction. Provided number of current and projected new users to be served by the project.
- ❑ Defined the project goals and objectives, and established and clearly described the design criteria for the project that were utilized in the alternatives analysis.
- Existing Buildings - listed and discussed all possible alternatives to addressing the deficiencies of the public facility, described existing buildings within the community that could be modified to accommodate the proposed facility, deficiencies with each, code compliance issues, floor space, handicapped accessibility, potential for expansion, as applicable.
 - Building sites – if proposing new construction, described alternative building sites available for new construction, any existing structures on the site, potential for expansion, proximity to other services.
 - Each possible alternative was discussed in sufficient detail to demonstrate its potential, or demonstrated that an alternative was not considered to be a viable enough solution to be considered further. A sufficiently detailed justification was provided for any alternatives that were screened out prior to the detailed alternatives analysis.
- ❑ Regulatory Compliance and Permits – Described compliance with appropriate regulations such as Uniform Building Codes, zoning issues, asbestos, lead-based paint, permits, handicapped accessibility, and other federal, state, local or tribal requirements.
- ❑ Land acquisition – Identify sites and easements required, if applicable. Described is property is currently owned, to be acquired or leased, current status of land.

- ❑ Environmental Considerations- Thoroughly Completed the Uniform Environmental Checklist, considered and addressed any necessary mitigation for any adverse impact, for project considering the renovation of existing structures, thoroughly discussed mitigation measures to address asbestos and lead-based paint, where identified, in accordance with federal and state requirements. Include any environmental related correspondence. Include any exhibits, maps, or drawings as applicable to describe potential environmental impacts.
- ❑ Identified any Construction Problems – Discuss unique concerns such as geological constraints, limited access, underground storage tanks, high water levels, etc.
- ❑ Basis of selection of the preferred alternative – provided an analysis of why the preferred alternative was selected over the other alternatives,
 - Discussed the site location and characteristics of the current or proposed facility,
 - Provided preliminary architectural plans, including a proposed floor plan, for the proposed facility,
 - Discussed the operational requirements, the expertise required and any unique operational requirements of the facility,
 - Impact on existing facilities,
 - Design – described design issues for this project, such as the location of the facility, cost effectiveness, technical feasibility, local resources, suppliers, etc.
- ❑ Clearly described and documented the basis for the itemized estimates of the project costs based on the anticipated period of construction, includes administrative, development and construction, land and rights, legal, engineering, interest, equipment, contingencies, refinancing and other costs associated with the proposed project.
- ❑ Annual Operating Budget-
 - Projected income realistically based on likely revenues, membership dues, subsidies, etc.
 - O&M cost estimates are substantiated, including salaries, taxes, accounting, auditing fees, legal fees, utilities, insurance, maintenance expense, etc.
 - Capital Improvements – described annual costs of purchasing or replacing equipment necessary to the function of the facility.
 - Debt repayment – described existing and proposed project financing and any effect on facility user fees, including debt coverage requirements.
- ❑ Public Participation – described any public participation, meetings, hearings, comments and input received from the public about the PAR or proposed project.
- ❑ Clearly described the funding strategy in detail and presents a project schedule that is reasonable. The funding strategy considered the funding application cycles and when funding will be available. Significant issues with construction phasing were considered. The implementation schedule took into account the availability of funds and acceptable activities for funds from various agencies.

Why a PAR would be scored at a lower level

The difference between a Level “5” PAR and one scored lower is in the level of detail provided in the analysis and adequacy of the supporting documentation and analysis. It is the importance and significance of the missing information in the opinion of the review team that

determines the level that will be assigned. The following are some examples of reasons why a PAR may be scored less than a Level “5”:

- ❑ The planning area service area and/or population projections were not included or were not adequately documented and supported.
- ❑ The evaluation of existing facilities, as the basis for problem/need identification, was lacking documentation and/or support data.
- ❑ The PAR did not clearly define the problem(s) to be resolved.
- ❑ The PAR did not include reference in either the alternative screening section or the alternative analysis section for an alternative or alternatives that would typically be considered appropriate for the type of project considered.
- ❑ The PAR eliminated an alternative in the screening process without sufficient justification or support data.
- ❑ The PAR did not thoroughly analyze each alternative in the “Alternative Analysis” section. Deficiencies may include but are not limited to:
 - missing important system components in the description, system schematic and cost analysis,
 - projecting operational requirements such as labor hours significantly lower than typically seen,
 - no discussion of the ability to meet regulatory requirements,
 - no discussion on permits or omitting discussion on permits that require significant time and/or effort to obtain the permit,
 - no discussion on land requirements,
 - no discussion on environmental considerations or no discussion on a particular environmental issue that is particularly pertinent to the alternative,
 - no discussion of possible construction problems or issues, or
 - cost estimates that are not supportable and may result in a significant cost change (either unreasonably low or unreasonably high cost projections).
- ❑ The PAR did not provide an adequately detailed description of the preferred alternative.
- ❑ The PAR did not adequately complete the Environmental Checklist, or the discussion or data relating to potential environmental impacts and mitigation measures was inadequately dealt with.
- ❑ The PAR did not include an adequately detailed cost estimate for the preferred alternative. The budget did not include administration costs and activity costs. Costs were not supported or adequately discussed to explain why particular costs are lower or higher than typically seen.
- ❑ The PAR did not include an adequate annual operating budget.
- ❑ The PAR did not contain an adequate funding strategy or the funding strategy did not adequately consider the application cycles, release of funds cycles, or funding agency limitations for expenditures.

- ❑ The PAR did not include an adequate implementation schedule or the implementation schedule conflicts with the funding agency application cycles.

Level 4

The Level 4 PAR is considered a good PAR, but it lacks some of the information, level of detail, or documentation that normally is expected to be found in a Level 5 PAR. The difference between a Level "5" PAR and a Level "4" PAR is in the level of detail provided in the analysis and adequacy of the supporting documentation and analysis. The information, level of detail, or documentation that is missing is considered to be of minor significance, and in the opinion of the review team does not impact the analysis or conclusions of the PAR.

Level 3

The Level 3 PAR is an average PAR. An average PAR will likely lack full detail and support on some items that may be determined to be important, but the document provides the basic information required for the reviewers to determine that an appropriate alternative has been selected. The difference between a Level "4" PAR and a Level "3" PAR is in the importance of the missing information. If the missing information is determined to be minor and insignificant the PAR should be ranked a Level 4. However, if the missing information is determined to be important and potentially significant, but the review team feels the issues can be overcome without substantial changes in the PAR recommendations, costs, or project schedules, the PAR should be ranked a Level 3.

Level 2

The Level 2 PAR is a less than adequate PAR. The document does not provide a sufficient amount of information or analysis for the reviewers to determine that an appropriate alternative has been selected. The difference between a Level "3" PAR and a Level "2" PAR is again the degree of importance attached to the missing information. The Level 2 PAR lacks sufficient detail and analysis for some items, which are determined to be significantly important. The review team feels the missing information raises serious questions regarding the appropriateness of the alternative selected, and if additional information was provided, along with a better analysis, the review team feels the recommendations in PAR may possibly be different.

Level 1

The Level 1 PAR is a completely inadequate PAR. The PAR does not address numerous critical issues that are needed to evaluate the project proposed by the applicant. If the CDBG application does not contain a PAR and does not attempt to address Project Concept and Technical Design, in any technical manner, the applicant may be awarded zero points for this criterion.

SCORING

Each application will receive points depending upon its overall response to the "Project Concept and Technical Design" criterion:

BEST	5 --	100 points
	4 --	80 points
	3 --	60 points
	2 --	40 points
	1 --	20 points
	0 --	0 points

4. COMMUNITY EFFORTS -- 75 points

RANKING CRITERION

The “Community Efforts” criterion considers the following, relative to the capacity of the applicant:

- the thoroughness of the applicant's past efforts to address public facilities problems with local resources;
- other non-financial community efforts by the applicant to assure adequate and cost-effective public facilities, including long-term operation and maintenance practices; and
- the applicant's commitment to long-range planning for infrastructure needs, as demonstrated by adoption of a growth policy which includes a strategy for development, maintenance, and replacement of public infrastructure and/or adoption of an up-to-date capital improvements plan for public infrastructure which is revised annually .



Applicants Applying to CDBG for TSEP Projects Submitted in May, 2006 (for the Same Public Facilities Project)

Some local governments will be applying to CDBG for TSEP projects submitted in May, 2006 (for the same project). In these cases, applicants can submit the narrative responses for this CDBG ranking criterion that they will submit to TSEP for Statutory Priority #4 (Long-term Planning and Management) and the information included in the Uniform Application Supplement for Montana Public Facility Projects, Fifth Edition (October, 2005) (including the Preliminary Engineering Report). Because this criterion is slightly different between CDBG and TSEP, although the ranking issues are the same, they may be scored differently by the two grant programs.

REQUIREMENTS:

1. In addition to the financial information requested in the Uniform Application Supplement for Montana Public Facility Projects, Fifth Edition (October, 2005), the applicant must describe its past efforts to resolve the public facilities problem with local resources and non-financial community efforts directly or indirectly linked to the proposed project.
2. In documenting a commitment of public funds or resources committed by a local government, the applicant must provide a resolution by the governing body that specifies the approximate amount of the commitment.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.

- The applicant should respond “point by point” to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.
- This ranking criterion will also be scored, in part, based upon the information contained in the applicant's **Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)** including the **Preliminary Engineering Report (PER)** for drinking water, wastewater, storm sewer, or solid waste projects, or from the **Preliminary Architectural Report (PAR)** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application.

COMMUNITY EFFORTS APPLICATION RANKING ISSUES

1. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent? *(Describe all efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting. Describe how a capital improvements plan (CIP) is utilized in conjunction with the local government's budget process. Describe efforts to keep the CIP current through annual updates or periodic revisions. If a CIP has been adopted, attach a copy of it. Also, provide a history of increases to rates and hook-up charges, or any other increases that would provide funds for improvements to the system.)*
2. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement? *(Provide a description and history of the system's operation and maintenance budgets and practices. Describe whether the applicant will be able to fund future improvements through reserves/depreciation accounts with only minimal assistance from state or federal grants.)*
3. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur? *(If the deficiencies are a result of inadequate operation and maintenance practices or have been present for more than two years, explain the circumstances and describe the actions that will be taken in the future to assure that the problem will not reoccur.)*

4. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective? *(Describe all other planning related efforts that have been utilized to help ensure that the applicant's public facilities and services are adequate and cost effective.)*
5. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant? *(In particular, if the applicant is a county water and sewer district, how does the proposed project fit in the county's growth plan.)*
6. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
7. For applicants that have previously received a CDBG grant, did the applicant adequately administer the grant and abide by the program's requirements? *(If problems were noted during the administration of the grant, describe whether the problems were remedied or how they will be remedied before administering a new grant.)*
8. Is there any other pertinent information that might influence the scoring of this statutory priority?

SCORING

Each application will receive points depending upon its overall response to the "Community Efforts" criterion:

BEST	5 --	75 points
	4 --	60 points
	3 --	45 points
	2 --	30 points
	1 --	15 points
	0 --	0 points

5. NEED FOR FINANCIAL ASSISTANCE -- 150 points


RANKING CRITERION

The "Need for Financial Assistance" criterion considers whether:

- MDOC's analysis of financial indicators demonstrates that the applicant's need for CDBG assistance is comparatively greater than other applicants' needs.
- the applicant's presentation of the proposed project budget and financing strategy, and documentation of local financial capacity clearly support the applicant's lack of ability to pay the projected costs without CDBG assistance.
- the applicant has demonstrated that the level of local financial participation in the proposed project is the maximum that can reasonably be expected.
- The amount of CDBG assistance requested per benefiting household is reasonable.
- For water, wastewater, storm sewer, and solid waste projects, projected monthly user charges would increase as a result of the project to an amount equal to or greater than the "target rate" for the community, including the requested CDBG assistance.

The amount of points assigned to a project for the "Need for Financial Assistance" ranking criterion will depend on the applicant's relative need for CDBG assistance compared with other applicants using an analysis of appropriate financial indicators. The financial need assessment will also serve as the basis for MDOC's recommendations regarding the amount of financial assistance to be awarded each project.

REQUIREMENTS:

 **All** CDBG applicants, must submit pertinent information, as appropriate, regarding local financial match and the limitation on CDBG funds per LMI household. These requirements are described below.

A. Local Financial Match

Applicants must contribute local funds equal to at least 25% of the total CDBG funds requested for administrative and public facilities activities. For example, if a community intends to request a total of \$400,000 in CDBG funds for administrative and public facilities costs, it would have to provide a \$100,000 matching contribution to the total project cost.

Definition of "Local Match"

The local share of the project budget is usually provided either by a direct cash contribution or by incurring a loan or issuing bonds to be re-paid through user charges or property tax assessments. The sources of eligible matching funds listed below are identical to those accepted by the Treasure State Endowment Program (TSEP), as follows:

- (a) local general funds or other cash;

- (b) proceeds from the sale of general obligation, revenue, special assessment or other bonds;
- (c) entitlement or formula-based federal or state funds such as federal highway funds or payments in lieu of taxes;
- (d) loan or grant funds from a state or federal program (including TSEP loans);
- (e) funds expended for engineering studies, reports, and plans, or other reasonable expenses expended for the preparation of the application, directly related to the proposed project during the period 24 months prior to the CDBG application deadline, i.e., May, 2004 to May, 2006;
- (f) funds expended after the CDBG application deadline, May 26, 2006, for project management, final architectural or engineering design, and other reasonable expenses necessary to prepare the project as proposed in the CDBG application for the construction phase;
- (g) the value of land or materials provided by the applicant, if appraised within a two-year period preceding the application deadline. The appraisal must be:
 - (i) an impartially written statement that adequately describes the land or materials, and states an opinion of defined value as of a specific date;
 - (ii) supported by an analysis of relevant market information; and
 - (iii) prepared by a qualified appraiser independent from the applicant.
- (h) the value of labor performed by the applicant's employees on the proposed project, after the CDBG project has been approved for funding and a CDBG contract has been signed, as long as the employee is paid at his or her standard hourly rate of pay and the time worked is adequately documented; and
- (i) the value of machinery used in the process of constructing the project that is owned (or leased) and operated by the applicant. The value of the use of the machinery will be determined using the Federal Emergency Management Agency (FEMA) equipment rate schedules.

Ineligible Matching Funds

Land, materials or services that cannot accurately and fairly be assigned a uniform monetary value are ineligible as matching funds. Funds expended on a project before the announcement of tentative grant award by the Director of the Department of Commerce are ineligible as matching funds, except as noted above.

A. Eligibility for Waiver of Local Match Requirement

In cases of extreme financial hardship and where the public's health or safety is affected, applicants may request MDOC to waive the 25 percent matching requirement. **THE WAIVER OF THE LOCAL MATCH REQUIREMENT MUST BE CLEARLY REQUESTED BY THE**

APPLICANT. The applicant must document that due to financial hardship, without additional grant assistance, the financial burden would be unreasonable. The match will only be waived in those cases where all three waiver conditions listed below in C. exist.

B. Limitation on CDBG Funds Per LMI Household or Individual

The amount of CDBG funds requested per benefited LMI household or individual (per active residential connection in the case of sewer or water projects) for the proposed project must be reasonable in relation to those requested by other applicants. **In no case should the grant request exceed \$15,000 per low and moderate income household or individual to be assisted unless all three of the waiver conditions below in C. are met.**

CDBG funds per LMI household is determined by dividing the total amount of CDBG funds requested by the total number of LMI households (or as appropriate, individuals) to be served by the proposed public facility. An applicant for CDBG funds who is requesting in excess of \$15,000 per LMI household or individual to be assisted by the project must be able to clearly document that without additional grant assistance the financial burden on local residents or a private, non-profit organization would be extraordinary and unreasonable.

C. Conditions for Waiver

1. A very serious deficiency exists in a basic or necessary community facility or service or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term; and it has been determined by MDOC that the proposed project will correct the deficiencies; and.
2. The financial analysis clearly indicates that higher local financial participation is not feasible or appropriate. For water, wastewater, storm sewer, or solid waste projects, upon completion of the project, user rates would be at least 1 ½ times the community's "target rate" (based upon the projected monthly rates with CDBG assistance); and,
3. Other sources of funding are not reasonably available.

In those cases where the projected user rate would be more than 1 ½ times the "target rate", the amount of the match could be reduced proportionally or eliminated as appropriate to avoid exceeding 1 ½ times the target rate.

D. Other Requirements

1. Applications Involving Water, Wastewater, Storm Sewer, and Solid Waste Projects

Each applicant must provide a completed copy of the appropriate Montana Public Facility Financial Information Form and a narrative based on "Part 3. Funding Strategy Narrative" (page 40) found in the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*. (A Target Rate Analysis will be generated by MDOC's Target Rate Computer Analysis Program.)

2. Applications Involving Non-profit Organizations or Public Agencies

Applicants applying on behalf of non-profit organizations which will operate and own or lease an assisted facility or project must submit complete information as required under the "Special

Requirements for Projects Involving Non-profit Organizations or Public Agencies" found in Appendix N.

In addition to Appendix N, non-profit organizations or public agencies must submit completed sections A, B, and C (pages 37 to 42) of the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*; and provide a narrative response to applicable ranking issues outlined below.

3. Other Local Government Public Facilities Projects

Other local government public facilities (such as fire stations, county hospitals or nursing homes) must submit completed sections A, B, and C (pages 37 to 42), and the Balance Sheet and Income and Expense Statement, or its equivalent (page 49) of the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*; provide detailed information on the entity's budget and manner of operation; and provide a narrative response to applicable ranking issues outlined below.

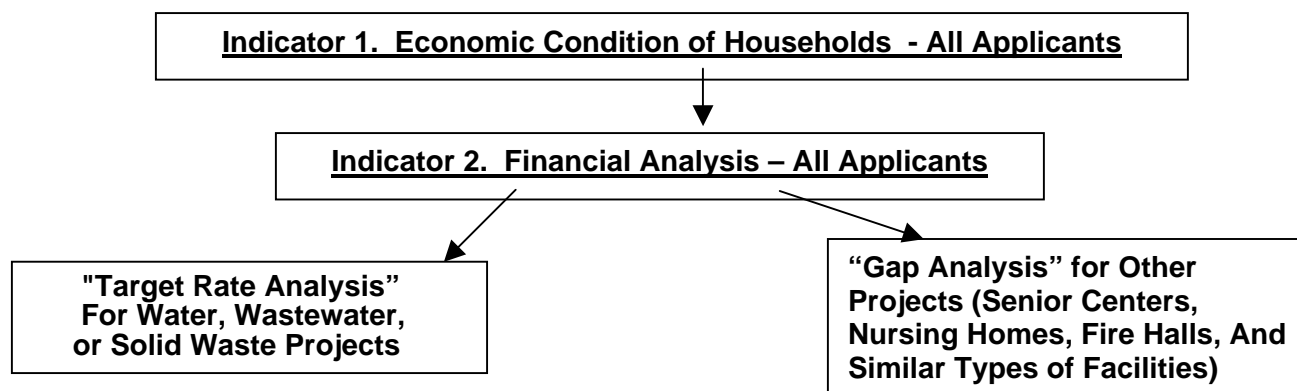
Ranking Procedures

Applicants will be ranked and points awarded using a computer-assisted procedure, which performs a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant.

The analysis for the first indicator, **Economic Condition of Households**, is common to **all** applicants, while the analysis for the second indicator, **Financial Analysis**, depends on whether the project is to assist water, wastewater, storm sewer, and solid waste activities or other types of projects, such as senior centers, nursing homes, fire stations, and similar types of facilities. (Please refer to Exhibit 2).

Exhibit 2

Financial Indicators Used in Analyzing Financial Need



The two financial need indicators are described below:

Indicator 1. Economic Condition of Households

The first indicator provides a general measure to compare the relative economic condition of households for each applicant. This analysis consists of ranking each applicant in relation to:

- a. the level of the community's Median Household Income (MHI);
- b. the percent of persons in the jurisdiction at or below the income level designated as "Low to Moderate Income" (LMI) as defined by the Federal Community Development Block Grant Program; and
- c. the percent of persons at or below the income level designated as "Poverty", as defined by the U.S. Census.

"MHI" is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. This indicator provides a comparative measure of the community's overall ability to pay for infrastructure and public services. Considering the applicant's MHI, in conjunction with the percent of persons existing at or below the levels of LMI and Poverty, provides a means of identifying concentrations of population which have relatively less ability to pay for public services. Use of this indicator helps assure that grant award recommendations take into account pockets of low and moderate income persons in a community or county that would be extraordinarily burdened by increasing public utility rates and other governmental charges.

The first indicator accounts for 40 percent of the 150 points possible under the "Need for Financial Assistance" ranking criterion, or up to 60 points. The MHI, LMI and Poverty each account for one-third of the possible points for this indicator. The points awarded in the economic condition of household analysis are automatically computed and allocated based on a five level scoring system.

COMMENT: The data used in Indicator 1. Economic Condition of Households Analysis, will be compiled by the Department of Commerce from MHI, LMI, and Poverty statistics derived from the most recent official statewide data supplied by the U.S. Bureau of the Census. **Applicants do not need to provide the census data.**

However, for some applicants, there is no census data currently available for the specific project area, except to use census data for the entire county or city. Use of census data for the entire county or city may not accurately reflect the economic condition of households within the project area. Examples of applicants that are not likely to have census data currently available for the specific project area would be county water and sewer districts or a project that encompasses a particular neighborhood within a city.

As a result, for projects that do not have census data currently available, CDBG will compute the MHI, LMI and Poverty statistics by using data for the smallest geographical census area that encompasses the proposed project area. Upon request, CDBG staff will compute the MHI, LMI and Poverty statistics for the project area and determine the local government's target rate. Potential applicants will need to provide a map clearly showing the boundaries of the project area along with any other references, such as roads and rivers that would help to locate the project area on the census maps.

Indicator 2. Financial Analysis

For Water, Wastewater, Storm Sewer, and Solid Waste Projects

A major goal of CDBG assistance for public facilities projects is to help ensure that infrastructure projects are kept reasonably affordable for communities to construct and maintain. For water, wastewater, or solid waste projects, the relative need for financial assistance is determined by "Target Rate Analysis." This analysis compares applicants' projected user rates after the project is built versus predetermined benchmarks or "targets," and analyzes each applicant's capacity to finance debt for a proposed project, taking into account current obligations.

"Target user rates" are based on a percentage of Median Household Income (MHI). This approach has been used by the U.S. Department of Agriculture's Rural Development/Rural Utilities Service program and the MDOC CDBG and TSEP programs for many years. "Target rates" are also used by the Department of Environmental Quality to determine eligibility for "hardship" status under the Drinking Water and Wastewater State Revolving Fund programs.

Target user rates were determined by surveying the average, monthly water and wastewater rates currently paid by Montana communities, which have recently improved their water and sewer systems and the percentage of their combined rates as a ratio of their MHI. The analysis looks at the combined rates for water and wastewater systems whenever communities have both systems, to ensure that the low rates for an applicant's wastewater system do not ignore the high rates that are charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

A community's target rate is computed by multiplying the community's MHI by the combined target percentage of 2.3. percent (1.4 percent for water systems and .9 percent for wastewater systems). For communities with a water or wastewater system, but not the other, only the target percentage for the single system is used. The analysis for solid waste systems is based on the user rates for that system alone. The points awarded in the target rate analysis are automatically computed and allocated based on a five level scoring system.

For the May, 2006 CDBG Program, the "Target Rates" for water and wastewater projects will be as follows:

- ☐ **1.4% of MHI for communities with only a water system,**
- ☐ **0.9% of MHI for communities with only a wastewater system, or**
- ☐ **2.3% of MHI for communities with both water and wastewater systems.**

Over the last ten years, MDOC has multiplied the community's target percentage times 90% (the "multiplier") for comparison against actual user rates, for the purpose of conducting the TSEP financial analysis. This has been done because of the potential inaccuracies of the methodology, and it provides applicants with some remaining capacity to meet future emergencies or facility needs that may be unknown at this time. However, the MHI figures taken from the decennial census data, upon which target rates are computed, become less accurate over time. As a result of target rates being adjusted only once, every ten years, the target rate that is used for the ten-year period increasingly does not reflect the actual increases in incomes and rates paid by the systems' users as the census data gets older. In addition, because the target rate is adjusted only once, every ten years, the target rates increase significantly with the new MHI figures.

In order to compensate for the inability to adjust target rates on a more frequent basis, and to lessen the degree to which target rates increase every ten years, the “multiplier” increases by 2% every two years. In 2006 the target percentage will be multiplied times 92%, in 2008 - 94%, in 2010 - 96%, and in 2012 - 98%.

As a result of a comment on the draft guidelines, MDOC decided to maintain some discretion in making this adjustment. Because increasing the multiplier by 2% each cycle could potentially be too aggressive, compared to actual inflation, MDOC will examine the annual income estimates provided by the U.S. Census Bureau. Based on the estimates for the statewide MHI, MDOC may lower the multiplier in any given funding cycle over the next ten years.

If an applicant's projected rates, after completion of the CDBG project, would be less than the target rate, the applicant is considered to have the ability to borrow for the project in place of CDBG grant funds. In other words, the analysis looks at whether the applicant has unused debt capacity which could be substituted for all of or a portion of the requested CDBG grant. If it can be reasonably concluded that an applicant has some capacity to borrow, CDBG staff would subtract the amount of borrowing capacity from the grant request to determine the amount of the recommended CDBG grant award, if any.

Each applicant proposing to assist a water, wastewater, storm sewer, or solid waste project must submit a funding strategy which would assure that projected user charges would, at a minimum, meet the target rate for the community for the public facility as set forth in Appendix J and on the CDBG website. (For more information on target rate analysis, applicants should carefully review **Appendix I**, “Target Rate Analysis for Water, Wastewater and Solid Waste Projects”.)

In order to be eligible for a CDBG grant, the applicant's projected rates, after implementation of the CDBG project, must be at or above the target rate. If it appears that the applicant has sufficient debt capacity to finance the amount requested from CDBG such that the resulting increased user fees appear reasonably affordable for local citizens, DOC will not recommend grant funding for the applicant. In the event an applicant has unique constraints on its capacity to incur debt for the system, which would prevent it from reaching the recommended target rate, it should provide documentation from a recognized bonding firm, bond counsel, or qualified financial consultant to substantiate the limitation on its borrowing capacity.

Communities That Have Undergone Significant Demographic Or Economic Changes

Some communities may have undergone significant demographic or economic changes since the 2000 Census information was obtained. A major industry, such as a lumber mill or a mine, may have closed. In a small community the mill or the mine may have been the major employer. The impact of the closing may have resulted in major economic changes for the community. It would mean a loss of jobs, which are typically higher paying jobs, potentially a loss of population as families move to find new jobs, and probably less spending in the retail and service sectors of the local economy. These changes may have resulted in a significantly higher percentage of low to moderate income households. Under these conditions, an applicant may conduct an income survey in order to establish more current income figures. See Criterion #6, “Benefit to Low and Moderate Income” for more information on requirements for conducting an income survey.

COMMENT: All financial information presented relative to this CDBG ranking criterion should be consistent with the information provided in **Appendix D, Application Instructions and Format for CDBG Public Facility Projects.**

For Non-Water, Wastewater, Storm Sewer, and Solid Waste Projects - "Gap Analysis"

Financial analysis for other public facility projects, such as senior centers, nursing homes, fire stations, and similar community facilities, funded through general taxes or other sources is different from water and wastewater projects which are enterprise systems and financed through user fees. Instead of target rate analysis, the analysis for projects financed through general taxes or other sources will look at the overall level of financial revenues available to assist the facility (e.g., taxes levied on residential households within the affected jurisdiction) versus an identified funding gap based on the lack of revenues.

For public facility projects other than water, wastewater, storm sewer, or solid waste, CDBG staff will conduct a "gap analysis" to determine applicants' relative financial need for grant funds. Financial gap analysis produces a conclusion regarding an applicant's ability to borrow funds or to otherwise finance a project without the use of CDBG funds. The analysis is based on the policy that applicants should receive CDBG support only to the extent that they cannot finance their projects without CDBG assistance.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond "point by point" to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.
- This ranking criterion will also be scored based upon the information contained in the applicant's **Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)** including the **Preliminary Engineering Report (PER)** for drinking water, wastewater, storm sewer, or solid waste projects, or from the **Preliminary Architectural Report (PAR)** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application.

1. Applications Involving Water, Wastewater, Storm Sewer, and Solid Waste Projects

(A Target Rate Analysis will be generated by MDOC's Target Rate and Financial Gap Computer Analysis Program.)

Applicants must provide a completed copy of the appropriate Montana Public Facility Financial Information Form and a narrative based on "Part 3. Funding Strategy Narrative" (page 40) found in the *Uniform Application Supplement for Montana Public Facility Projects, Fifth Edition (October, 2005)*.

2. Applications Involving Non-profit or For-profit Organizations or Public Agencies as Sub-recipients


If your community is applying on behalf of a non-profit or for-profit organization or public agencies, which will operate and own or lease an assisted facility or project, you must submit complete information as required under the "Special Requirements for Projects Involving Non-profit or For-profit Organizations or Public Agencies," found in *Appendix N. Applicants should provide thorough responses to the requested information because it will be used as a key element in evaluating applications involving non-profit or for-profit organizations.*

In addition to *Appendix N*, you must submit information on the non-profit organization or public agency by completing sections A, B, and C (pages 37 to 42), and the Balance Sheet and Income and Expense Statement, or its equivalent (page 49) of the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*; and provide a narrative response to applicable ranking issues outlined below.

3. Local Government Public Facilities Projects Other Than Water, Wastewater, Storm Sewer, and Solid Waste

For local government public facilities projects other than water, wastewater, and solid waste (such as fire stations, county hospitals or nursing homes) applicants must submit completed sections A, B, and C (pages 37 to 42) of the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*; provide detailed information on the entity's budget and manner of operation; and provide a narrative response to applicable ranking issues outlined below.

NEED FOR FINANCIAL ASSISTANCE APPLICATION RANKING ISSUES

 **Reminder** - Applicants must thoroughly address the financial questions a. – i. included on page 21 of the *Uniform Application for Montana Public Facility Projects, Fifth Edition, October, 2005*.

I. FOR ALL PUBLIC FACILITY PROJECTS:

A. Need for CDBG Financial Assistance

1. Have you documented serious efforts to consider all appropriate federal, state and local, public and private funding sources that could potentially assist with this project or have you thoroughly demonstrated that other private, local, State or

federal resources are not available at reasonable cost to address the identified need?

2. Have you clearly explained and documented that the level of local financial participation in the proposed project is the maximum that can reasonably be expected?
3. Have you documented that your community or county's request for CDBG financial assistance is necessary and reasonable relative to its financial capability?
4. For water, wastewater, and solid waste projects, without the requested CDBG assistance, would monthly user charges increase as a result of the project to an amount above the "target rate" for the community? Please explain.
5. Has the applicant documented that the CDBG funds requested do not exceed \$15,000 per LMI household or individual assisted? If yes, has the applicant met the waiver tests?

B. Other Information

Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

II. FOR NON-PROFIT ORGANIZATIONS

A. Local Contributions

1. Did the applicant or non-profit organization document efforts to make local contributions to the project, such as:
 - (a) local cash or in-kind contributions to proposed activities?
 - (b) absorbing some or all administrative costs, or other forms of direct financial or in-kind contributions to support the project?

B. Past and Current Method of Operation

1. Has the organization provided financial statements for the past three years of operation, with a complete narrative describing past and current financial operations?
2. If the organization or entity is carrying debt, did the applicant explain the circumstances, the amount of the debt, and the terms and conditions? When will the debts mature?
3. Did the applicant provide a thorough line item discussion regarding current and proposed sources and uses of funds? Are they appropriate for the type of facility?

C. Future Operation Plan

1. Has the organization provided detailed cash flow and budget projections for a period of three years after project completion, including a line item explanation of projected costs for the facility?
2. Did the organization thoroughly describe its assumptions regarding long-term expenses and revenues and are they reasonable?
3. Did the organization explain what the projected debt service would be as a result of this project, and whether the organization can be assured of the long-term cash flow to meet its debt obligations?

D. OTHER INFORMATION

Did the non-profit organization provide any other pertinent information which could improve the ranking of the application for this ranking criterion?

III. FOR OTHER LOCAL GOVERNMENT PUBLIC FACILITY PROJECTS (such as Fire Stations, County Hospitals, and County Nursing Homes):

A. Local Contributions

1. Has the applicant documented efforts to make local contributions to the project, such as:
 - (a) local cash or in-kind contributions to proposed activities, or
 - (b) absorbing some or all administrative costs, or other forms of direct financial or in-kind contributions to support the project?

B. Current and Future Operation

1. Did the applicant submit copies of the facility's annual report for the past three years of operation and provide a complete narrative describing the facility's past and current financial operations?
2. Did the applicant submit:
 - a. projections of income and expenditures for the next three years of operation; and
 - b. an explanation regarding district debt, and when debts will mature?
3. Did the applicant adequately describe:
 - a. The projected debt service for this project and whether the facility will have the cash flow to meet its debt obligations?
 - b. Whether the facility has the fiscal capacity for expansion?
 - c. Whether all reasonable alternate and supplemental funding sources have been explored from other federal, state, local government or non-profit organization programs?

This ranking criterion will be automatically scored using a computer-assisted analysis during the summer of 2005 for water, wastewater, storm sewer, and solid waste projects.

SCORING

For the "Need for Financial Assistance" criterion, each application will receive points depending upon its overall response to the criterion based, in part, upon computer-generated analysis of comparative financial need. Forty percent (40%) of the possible 150 points (up to 60 points) is based upon Financial Indicator #1- Economic Condition of Households.

The financial analysis of this indicator consists of ranking each applicant in relation to:

- the level of the community Median Household Income (MHI);
- the percent of Low and Moderate Income as calculated by HUD based upon 2000 census data; and,
- the percent of persons designated as "Poverty" as defined in 2000 census data.

Sixty percent (60%) of the possible 150 points (up to 90 points) is based upon Financial Indicator #2 – Target Rate Analysis for Water and Wastewater Projects or "Gap Analysis" for Non-Water and Wastewater Projects.

6. BENEFIT TO LOW AND MODERATE INCOME -- 100 points

RANKING CRITERION

All CDBG projects must be designed to principally benefit low and moderate income families. Each applicant must document in its application that:

- a minimum of 51% of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of low and moderate income (LMI) persons in the project area.
- any activities proposed would not benefit moderate income persons in a manner that would exclude or discriminate against low income persons. *See Appendix K.*

Applicants for Public Facilities projects must ensure that at least 51% of the families or persons that will be served by the project are LMI. For example, applicants can document that at least 51% of the residents in the geographic area of a water or sewer project are LMI through census data or local income surveys.

The LMI requirement can also be met by using CDBG funds to assist a facility that will primarily serve a LMI clientele, such as a Head Start Center or a senior citizens center. Head Start centers are presumed to provide 90% benefit to LMI because of the program's federal eligibility standards (unless information is provided documenting a higher percentage benefit). Senior centers are, under HUD policy, presumed to principally benefit LMI persons and are automatically assigned 51% benefit to ranking purposes. If an applicant wants to claim a higher percentage of benefit for a facility, such as a senior center, the applicant must conduct an income survey of persons served by the facility that meets the MDOC minimum requirements for CDBG income surveys outlined below.

If a local income survey was conducted, the application must include a summary of the income survey results and a description of the survey methodology used. (See the MDOC handbook entitled Documenting Benefit to Low and Moderate Income Persons for additional discussion of the minimum requirements for local income surveys.) Current income limits for Montana counties are included in Exhibit L.

Under HUD regulations, MDOC cannot accept the results from a local income survey for ranking purposes unless the applicant has adequately described the survey methodology used and adequately documented that the methodology meets the CDBG requirements, including:

1. the use of correct LMI income levels;
2. the use of an acceptable survey format ;
3. meeting the minimum sample size; and
4. the survey sample was either truly random OR the total population was surveyed.

Before conducting a local income survey, CDBG applicants should submit a draft of the survey form they intend to use to MDOC CDBG staff for their review to assure that the results of the survey will be acceptable for ranking purposes.

MDOC will evaluate how CDBG financial participation in a public facility project will actually benefit LMI and other community residents. For example, installing new water lines through a neighborhood that consists predominantly of LMI families would not be considered to be principally benefiting LMI if the practical result would be lower water rates community-wide. In

such a case, the community's overall percentage of LMI would be used to score LMI benefit since all of the community's residents would share in the financial benefits from the CDBG assistance. For additional information regarding LMI benefit, see the MDOC guidelines, *Documenting Benefit to Low and Moderate Income Persons*.

*** Note: Applicants must document the survey methodology used to determine the community's LMI in accordance with the requirements above. If this process is not properly documented, MDOC will use HUD community LMI data instead of the results claimed from a local income survey that fails to meet MDOC requirements. Under HUD regulations, MDOC cannot accept survey documentation that does not meet these minimum requirements.**

REQUIREMENTS:

- A. Applicants must provide a narrative response that describes how the proposed project will principally benefit LMI persons and comply with the CDBG LMI requirements outlined below.
- B. Applicants must provide a completed copy of the "Benefit to LMI Form". See Appendix K for the CDBG Benefit to LMI form and instructions.
- C. Documentation for benefit to low and moderate income persons must be consistent with the most recent edition of MDOC guidelines, *Documenting Benefit to Low and Moderate Income Persons*. Key requirements are as follows:
 - 1. For indirect (area wide) benefit situations:
 - (a) Document that area is principally residential,
 - (b) Verify LMI benefit with HUD LMI data, or
 - (c) Verify LMI benefit with local LMI survey and adequately describe methodology.
 - (1) Document that correct LMI income levels were used.
 - (2) Provide a copy of the survey with an acceptable format and a summary of results.
 - (3) Document that the minimum sample size requirement was met.
 - (4) Document that the sample was either random or included the total population.
 - 2. In projects where direct financial assistance to LMI persons is proposed or for projects which would involve limited clientele benefit situations, describe how LMI status will be documented. Either:
 - (a) The clientele is presumed to be LMI under HUD regulations, or
 - (b) The applicant can confirm the LMI status of beneficiaries and limit benefits to only LMI persons.

(For more information on "limited clientele" benefit and "targeting" concepts, see the MDOC CDBG publication, *Documenting Benefit to Low and Moderate Income Persons*.)

Note: The Federal Housing and Community Development Act imposes special requirements on projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. The proposed targeting procedures must be consistent with the requirements described in Chapter V, Section B - Special Requirements for Public Facilities Projects.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond “point by point” to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.
- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.
- This ranking criterion will also be scored based upon the information contained in the applicant's **Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)** including the **Preliminary Engineering Report (PER)** for drinking water, wastewater, storm sewer, or solid waste projects, or from the **Preliminary Architectural Report (PAR)** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application.

BENEFIT TO LOW AND MODERATE INCOME APPLICATION RANKING ISSUES

A. Income Survey

1. If the applicant conducted an income survey, was the income survey format in accordance with MDOC requirements? *(Please provide a sample of your survey format.)*
2. Were the correct HUD LMI income levels used for the survey? *(Please contact MDOC for the most current HUD LMI limits before you conduct an income survey.)*
3. Did the applicant adequately describe the methodology it used to complete the income survey?
4. Was the survey sample random or was the total population surveyed? *(If a population survey was conducted but less than 100% of the households were surveyed, please explain the methodology for the survey sample.)*
5. Did the applicant adequately describe the results of that income survey?

6. Did the applicant's survey meet the required minimum sample size as described in the MDOC publication, "*Documenting Benefit to Low and Moderate Income Persons*"?

*** Note: Applicants must document the process used to determine the community's LMI in accordance with the requirements above. If this process is not adequately documented consistent with CDBG requirements, MDOC will use HUD data rather than the results claimed from a local income survey that fails to meet the CDBG minimum requirements.**

B. Other Information

Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

A SPECIAL CASE - CALCULATING LMI BENEFIT FOR A MIXED USE BUILDING:

If an applicant proposes to build a mixed-use building that will involve uses that will principally benefit LMI as well as uses that will not, and use CDBG funds to construct a portion of the building for an LMI service, such as a Head Start Center, then the applicant must calculate and prorate the amount of square footage which will provide LMI benefit in the building.

EXAMPLE: A mixed-use community center building. The community center would house a Head Start center, public library, and senior center. In order to determine the amount of benefit to LMI persons when parts of the building would be used by non-LMI persons, it would be necessary to calculate the LMI portions of the building to determine LMI benefit.

For this example, we applied the square footage approach to calculating benefit that resulted in an approximate 70% benefit to low and moderate income.

Amount of CDBG funds requested was \$460,000.

The Head Start area of the building equaled 14% of the total building square footage. This would be calculated as $14\% \times \$460,000$ (the total amount of the requested CDBG activity dollars) = \$64,400. All of this amount calculates as 90% benefit to LMI because Head Start is considered a limited clientele benefit (it must assist at least 90%) eligible low income children). Therefore, the \$64,400 is 90% benefit; all of this amount benefits LMI.

The Senior Citizens area equaled 1,635 s.f., which was 15% of the total building square footage. $15\% \times \$460,000$ (the total amount of the CDBG activity dollars) = \$69,000. Of this amount, 66% calculates as benefit to LMI based on the claimed income survey response. Therefore, $66\% \times \$69,000$ is \$45,540; this amount is considered to benefit LMI.

The balance of the activity budget ($\$460,000 - \$64,400 - \$45,540 = \$350,060$) would be calculated as community-wide benefit because this space would be used for activities that benefit the entire community population. This calculates as $\$350,060 \times .61$ (based on a local community-wide LMI survey) = \$213,536 for benefit to LMI.

The sum of the three figures, $\$64,400 + \$45,540 + \$213,536 = \$323,476$ (the prorated amount which will benefit LMI).

$\$323,476$ divided by $\$460,000 = 70\%$ (benefit to LMI households)

SCORING

To reflect Congress' intent that CDBG funds principally benefit low and moderate income families, this criterion assigns points based on the percentage of CDBG funds that will assist low and moderate income persons, and based on the responses to the ranking issue questions. **The percentage of benefit to low and moderate income persons is determined by dividing the total amount of non-administrative CDBG funds proposed to principally benefit low and moderate income households by the total amount of non-administrative CDBG funds requested by the applicant. Funds budgeted for completion of a Growth Policy or Capital Improvements Program (up to \$25,000 for each) will not be included in the scoring of benefit to low and moderate income persons.**

Scoring Method: Applicants will be assigned two points for each documented percentage of benefit to low and moderate income (LMI) persons over 50 percent. According to HUD instructions, fractional percentages will be rounded to the nearest lower whole number. A community with a 56 percent documented percentage benefit to LMI persons would receive 12 points, as follows: $56 - 50 = 6 \times 2 \text{ points} = 12 \text{ points}$.

*** NOTE:** It should be noted that filling out the Benefit to LMI form is in itself not sufficient to address this criterion. Applicants must respond to the criterion and document the process used to identify LMI households in their community. If applicants do not do both, they may be assigned the HUD community LMI percentage as the basis for the score for this criterion.

_____ Percent (%) LMI Benefit – 50 = _____ X 2 points = _____ points

7. IMPLEMENTATION AND MANAGEMENT -- 125 points

RANKING CRITERION

The “Implementation and Management” criterion considers the following, relative to the capacity of the applicant:

- Whether the applicant has clearly demonstrated that the project is feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the community, the budget, and implementation schedule proposed,
- The soundness and appropriateness of the applicant's plan for assuring proper overall management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and cost-effective completion of project activities,
- The applicant's readiness to implement the project if awarded CDBG funds, including the firm commitment of all non-CDBG funds and resources by July 2007.
- Whether the applicant (or sub-recipient entity) has carefully considered all potential environmental, regulatory, and technical issues which could impact the timely start-up and successful implementation of project activities,
- The soundness of the applicant's (or subrecipient entity's) plans for assuring effective operation and long-term management of any assisted public facility, and
- The applicant's performance on past and current CDBG funded projects.

REQUIREMENTS:

A. Legal Jurisdiction and Authority

Applicants must have the legal jurisdiction and authority to finance, operate and maintain the proposed facility and, when applicable, must have the demonstrated financial capacity to repay any debt incurred. In all cases, the applicant assumes complete responsibility for proper financial management of the CDBG funds awarded to it and for compliance with all applicable State laws and regulations.

B. Financial Management System

Pursuant to Section 2-7-504, MCA and federal regulations, a CDBG recipient must demonstrate that its financial management system meets generally accepted accounting principles before MDOC will disburse CDBG funds for a local project.

C. Management Capacity

To be awarded a grant under the CDBG Program, a local government must have the management capacity to undertake and satisfactorily complete the project it is proposing within 24 months of grant award. Funds applied for in May, 2006 will be available in April, 2007.

An applicant is assumed to have the capacity to undertake the proposed project unless available information raises a question concerning an applicant's capacity. If any question arises during the evaluation of the application, MDOC may request additional information. If an applicant does not believe that it currently has the capacity to manage a CDBG grant, it may propose to hire administrative staff or arrange for project administration by another local government through an interlocal agreement or by contracting for administrative services with a consultant. (These are allowable expenses that can be paid for using CDBG funds.)

D. Project Management Plan and Implementation Schedule (See Appendix M)

Each applicant must submit a draft project management plan which, at a minimum:

1. Addresses the local government's plans for assuring proper management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and effective and timely start-up and completion of project activities.
2. Identifies the person or persons who will be responsible for day-to-day grant management (or position descriptions developed for these persons) and any contracted services to be utilized in carrying out the project.
3. Includes a quarterly schedule for project implementation that identifies the time frames for major activities and expenditures and the coordination of non-CDBG resources for the project.
4. To familiarize themselves with CDBG project management requirements, applicants may consult the most recent version of the CDBG Grant Administration Manual at the following website:

http://comdev.mt.gov/CDD_CDBG_GA.asp

E. Proposed Project Budget and Budget Narrative

Each applicant must submit a project budget, using the Budget Form for Montana Public Facility Projects. **The budget must be accompanied by a narrative that thoroughly justifies the rationale and assumptions for each line item of the proposed CDBG project activity and associated administrative costs.** This must include a breakdown identifying the sources and amounts of non-CDBG funds and total project cost estimates for each item. (See the Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005) for the budget form and instructions.)

Percentage of a Grant Allowed for Project Administration:

The ceiling for local project administrative costs is 10% of the total CDBG grant amount for all Housing projects and Public Facilities projects, with the exception that a 15% ceiling is allowed for housing rehabilitation projects. In the case of housing rehabilitation projects, the cost of housing inspection is considered a non-administrative activity cost for the purpose of calculating the maximum administrative percentage. For the last several years, local project administrative costs for public facilities projects have averaged about five percent. Administrative costs for housing projects (other than housing rehabilitation) have also averaged about five percent. Administrative costs for housing rehabilitation projects have averaged about twelve percent.

F. Firm Commitment of Funds

As appropriate, each applicant must:

1. Demonstrate either that firm commitments exist for any other resources to be involved in the project, or that the resources will be available by July 2007.
 - a. CDBG funds are awarded and received according to a two-step process. In the first step, upon the completion of application ranking, successful applicants are notified of their tentative grant award before CDBG funds are actually received from the U.S. Department of Housing and Urban Development (HUD).
 - b. Later, as the second step, successful applicants will receive a notice of confirmation of final grant award from MDOC after HUD releases Congressionally approved CDBG funds to the state. This action typically occurs in April of each year.
2. In documenting a public commitment, specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body that specifies the approximate amount of the commitment. A letter of commitment from the agency or organization involved must document funds or resources from a State or federal agency or private organization. The commitment of funds or resources may be made contingent on CDBG funds being awarded for the proposed project.

G. Environmental Checklist

All CDBG Public Facility applicants must provide a completed "Uniform Environmental Checklist," found in the *Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)*.

H. Applications on Behalf of Non-profit and For-profit Organizations or Public Agencies

Applicants applying on behalf of non-profit organizations or public agencies which will operate and own or lease an assisted facility or project and for-profit entities that commit to serving LMI citizens must provide the information required under "Special Requirements for Projects Involving Non-profit or For-profit Organizations or Public Agencies," found in **Appendix N**. Applicants should provide thorough responses to the requested information because it will be used as a key element in evaluating applications involving non-profit or for-profit organizations.

I. Acquisition, Demolition and Relocation

The applicant should provide a plan addressing the administrative and technical issues, mechanisms and procedures that will be involved in carrying out any proposed acquisition, demolition, or relocation activities. If proposing acquisition, the applicant must provide documentation that the property can be purchased or leased within six months of the date of tentative grant award.

J. Payment of Hookup Charges and Special Assessments

If a "targeting" approach is taken to benefit only LMI households, such as paying assessments for water or wastewater service for qualified LMI households, applicants must explain their proposed procedures for accomplishing this. The Federal Housing and Community Development Act imposes special requirements on projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. See *Section B. Special Requirements for Public Facilities Projects* (found at the beginning of this Chapter).

K. Program Income

"Program Income" is any income earned by a grantee from a CDBG supported activity, such as, repayments of principal or interest to a local revolving loan fund program generated by housing rehabilitation activities. These funds are the monies that are received after a project has been completed and closed out and are retained at the local level as authorized by the Montana Department of Commerce.

Any community that has been receiving program income from a previous CDBG project must submit a summary of past program income earnings, activities funded, and other information along with the CDBG grant application (see **Appendix R, Program Income**). Under HUD regulations, communities are also required to submit annual program income reports to MDOC if they have received program income from CDBG-supported activities.

For example, if your local government requested to retain program income received from its CDBG funded housing project after project closeout it would have had to complete a Program Income Plan as part of the required closeout. This Program Income Plan would outline the use of program income received in conjunction with a revolving loan fund for ongoing housing purposes to assist low and moderate income homeowners or renters, and may have included a goal to fund other eligible CDBG activities. If the proposed CDBG project is anticipated to generate future program income, the applicant must include a plan for its future use and propose long-term administrative mechanisms for the oversight of these funds (see **Appendix R** for more discussion regarding CDBG program income requirements).

To comply with federal program income requirements, MDOC has established guidelines for local government grant recipients that retain and use program income. The guidelines are described in an MDOC publication entitled, *CDBG Program Income and Revolving Loan Fund Manual*, which covers CDBG requirements and local government management and accountability for program income and revolving loans. This publication is available from the MDOC CDBG program.



DIRECTIONS FOR APPLICANTS:

- The MDOC CDBG staff will consider the following ranking issues in scoring applications for this criterion. Applicants should make sure that their narrative response to the ranking criterion thoroughly addresses the questions that are applicable to their proposed CDBG project.
- The applicant should respond "point by point" to the following issues, but to reduce duplication, the applicant may reference other sections of the application where the issue has already been addressed.

- In addition to providing a reference, you should include a statement that summarizes the relationship of what is being referenced to the particular ranking issue or special requirement. For example, state "See page 20, paragraph a. of the Uniform Application which provides a detailed description of alternatives considered" as a response to a ranking criterion or special requirement.
- This ranking criterion will also be scored based upon the information contained in the applicant's:
 - **Uniform Application for Montana Public Facility Projects, Fifth Edition (October, 2005)** including the ***Preliminary Engineering Report (PER)*** for drinking water, wastewater, storm sewer, or solid waste projects, or from the ***Preliminary Architectural Report (PAR)*** for other public facilities projects involving new construction or rehabilitation of existing buildings. Applicants should reference pertinent sections of the Uniform Application and the PER/PAR in their narrative responses; and
 - if applicable, from the information provided in response to the "Special Requirements for Projects Involving Non-profit or For-Profit Organizations or Public Agencies," found in ***Appendix N***.

In addition, for ease of reference, applicants should provide any appropriate documentation or pertinent exhibits immediately following their responses to the APPLICATION RANKING ISSUES, rather than appending them to the end of the overall application.

IMPLEMENTATION AND MANAGEMENT APPLICATION RANKING ISSUES

A. Project Management Plan and Implementation Schedule

1. Would the applicant's management plan assure proper management of the CDBG project, including cost-effective financial management of grant funds, compliance with State and federal requirements, and timely completion of project activities?
2. Has the applicant specifically identified the person or persons who will be responsible for day-to-day project management and financial management? Did the applicant thoroughly describe any contracted services necessary to carry out the project?
3. Has the applicant secured firm commitments for assistance from other local, state or federal funding sources?
4. In cases where more than a single funding source or organization would be involved in the project, did the applicant thoroughly describe how these will be coordinated and directed?
5. Would the applicant be able to meet all CDBG project start-up requirements by July 2007 and be able to undertake and complete the proposed project by April 2009?

6. Has the applicant thoroughly considered the administrative and technical issues involved in the proposed public facilities project and developed appropriate responses for them?
7. Does the proposed project appear feasible and achievable, taking into consideration the nature of the project activities, the size and resources of the community, the budget, and implementation schedule proposed?

B. Proposed Project Budget and Budget Narrative

1. Are all of the applicant's proposed activity budget line items thoroughly justified, reasonable and well supported? *Non-profit and for-profit organizations or public agencies may reference their responses to Appendix N, as applicable.*
2. Are the proposed administrative costs reasonable, appropriate and well justified?

C. Impacts or Benefit to Low and Moderate Income Persons

1. Has the applicant thoroughly documented proposed claims of benefit to low and moderate income persons?
2. Has the applicant adequately considered any potential negative financial impacts upon low and moderate income households as a result of project activities (for example, requiring low income households to pay water service line connection costs)? Are the potential impacts thoroughly discussed and appropriate, mitigating measures proposed?
3. Has the applicant proposed an administratively sound, cost-effective means of minimizing any adverse financial impacts or maximizing benefits for LMI residents and for community residents overall, such as "targeting" financial assistance to LMI households, or establishing a metered water system to allocate costs based on use?
4. In cases where direct financial assistance to low and moderate income persons is proposed (i.e., payment of assessments, hookup fees, service connections, or water meter installation charges for low and moderate income households) has the applicant proposed:
 - a. Sound and cost-effective targeting procedures that are appropriate and feasible given the administrative resources of the applicant?
 - b. Reasonable assurance that the targeting of assistance can be completed within the implementation schedule for the project?

If your community is proposing to "target" CDBG assistance to LMI households, you should thoroughly describe the methods and procedures that will be used to calculate the costs of assessments, hookup fees, service lines, or water meter installation, and describe the method that will be used to identify and financially assist LMI persons who will receive such financial assistance.

D. Environmental Checklist

1. Has the applicant done a thorough job of completing the environmental checklist, including documenting direct contact with appropriate state or federal agencies?

2. Has the applicant provided adequate and credible responses, and supplied specific sources of information for the environmental checklist topic areas?
3. Has the applicant demonstrated that the project will avoid adverse impacts on the environment, including potential archaeological or historic resources? Conversely, does the applicant describe efforts to avoid adverse environmental impacts on the project including proximity to flood plains, hazardous facilities or sites, or incompatible land uses? *(See environmental checklist.)*
4. If any concerns or adverse impacts have been identified, has the applicant provided appropriate responses to mitigate them?
5. Has the applicant explained how the analysis of potential environmental concerns (such as lead-based paint, asbestos, and historic preservation architectural requirements) has been carefully considered in regard to the project design, cost, and consideration of alternatives?
6. Has the applicant adequately anticipated and thoroughly addressed all potential environmental, community planning, and regulatory constraints (such as consistency with zoning ordinances, building codes, state agency administrative orders, etc.)?

E. Long-term Management

1. FOR ALL PUBLIC FACILITY PROJECTS:

- a. Has the applicant thoroughly explained plans for assuring adequate, long-term management and operation and maintenance of the facility or system?
- b. Has the applicant demonstrated that there will be sufficient staff and financial resources to operate the facility or system over the long-term after project completion?
- c. Has the applicant adequately explained all projected costs for the future operation of the facility or system?

2. FOR NON-PROFIT ORGANIZATIONS OR PUBLIC AGENCIES:

(The applicant may reference sections in its response to the Uniform Application form or Appendix N, as applicable.)

Where facilities or activities are proposed that will remain the responsibility of a non-profit entity or public agency:

- a. Has the applicant demonstrated the successful past long-term performance of the organization?
- b. Has the applicant thoroughly documented that the organization has the financial and management capacity to assure cost-effective, long-term management of the facility?

- c. Has the applicant demonstrated that the organization will have adequate resources to assure long-term operation and maintenance?

F. Acquisition, Demolition and Displacement

1. If the project will involve acquisition of property or easements, has the applicant taken initial steps to contact landowners to gain their cooperation?
2. Will the project involve displacement of individuals? If displacement will be involved, does the applicant have adequate plans to address any displacement that may result from the proposed activities?

G. Procurement

If professional services will be necessary for implementation or management of the CDBG project, would the applicant assure free and open competition in the procurement of those services through the use of requests for proposals?

If procurement has already taken place, did the applicant provide documentation to demonstrate compliance with state law, such as a copy of the Request for Proposal (RFP), publication notice, description of the selection process, and selection criteria used?

H. Program Income

1. If the applicant has received program income, has it documented past program income expenditures for the last three years, pursuant to MDOC requirements?
2. If the applicant would receive program income in the future, has it developed a plan for future administration and expenditure of the anticipated program income funds?
3. If applicable, has the applicant routinely submitted the required annual program income reports to MDOC in the past?

I. Past and Current CDBG Funded Projects:

1. Did the applicant provide information on the status of any open CDBG projects including closeout reports and project completion?
2. If the applicant has an open project, is it in compliance with the project implementation schedule contained in its CDBG contract with MDOC?
3. For applicants that have previously received a MDOC housing or public facilities grant for within the last 5 years, did the applicant adequately perform its project management responsibilities? *(If problems were noted during the administration of the grant, describe whether the problems were remedied or how they will be remedied before administering a new grant.)*
4. Has the applicant satisfactorily addressed any audit or monitoring findings directly related to a previous MDOC grant award within the last ten years?

J. Growth Policy or Capital Improvements Plan

CDBG applicants for public facility projects may include in their budget a line item (up to \$25,000) for the cost of preparing either a Growth Policy or a five year Capital Improvements Plan (CIP), if they do not already have an adopted Growth Policy or CIP at the time of the application. (See Section B, Chapter V, Use of CDBG Funds for Preparation of Local Government Growth Policies and Capital Improvement Programs.)

K. Other Information

Did the applicant provide any other pertinent information that could improve the application's score for this ranking criterion?

SCORING

Each application will receive points depending upon its overall response to the "Implementation and Management" criterion:

BEST	5 --	125 points
	4 --	100 points
	3 --	75 points
	2 --	50 points
	1 --	25 points
	0 --	0 points